Office Supreme Court, U.S.
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IN THE

Supreme Court of the United States

October Term, 1957

No. 1000

STALEY MILLING COMPANY,
Petitioner,

v.

A. E. STALEY MANUFACTURING COMPANY,
Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SEVENTH CIRCUIT

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To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

Petitioner, Staley Milling Company, prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit entered in the above entitled case on March 13, 1958.

Opinions of the Courts Below

The United States District Court for the Southern District of Illinois, Southern Division (Charles G. Briggle, U. S. D. J.), did not render a formal opinion. It did file a memorandum for counsel endorsed "Not For Publication As An Opinion." This memorandum is printed in the transcript of record (R. 3663) and is set out in Appendix B hereto (p. 10a). The judgment of the United States District Court (R. 3676) is set out in Appendix D hereto (p. 38a).

The opinion of the United States Court of Appeals for the Seventh Circuit affirming the judgment of the District Court is reported at 253 F. 2d 269, 116 USPQ 546, and is set out in Appendix C to this petition (p. 14a). The judgment of the United States Court of Appeals is set out in Appendix E to this petition (p. 40a).

Jurisdiction

The judgment of the United States Court of Appeals for the Seventh Circuit was dated and entered March 13, 1958.

The jurisdiction of this Court is invoked under 28 U. S. C. 1254(1).

Questions Presented

1. May the Lanham Trade-Mark Act of July 5, 1946, which by its terms became effective July 5, 1947, be given *ex post facto* effect and made the basis for an injunction destroying the rights of the petitioner in its trademark "Staley" acquired in good faith more than 20 years previously and extensively developed and enhanced during the intervening period?

2. Where petitioner and respondent for more than 25 years had concurrently used "Staley", the surname common to their founders, as a trademark for different though related products, and for 18 years had had continuous and extensive business dealings with each other without conflict and without objection by respondent to petitioner's use, and where respondent by positive acts during those years had indicated acquiescence in petitioner's use, was respondent, the earlier user, regardless of the differences in the respective goods of the parties, entitled to an injunction against petitioner's continued use of the trademark on petitioner's established line of products?

3. Where, under these circumstances, petitioner prior to 1952 had sold more than $125,000,000 worth of its products and spent over $3,800,000 in advertising them under the "Staley" name, and there was ample uncontradicted proof that the name had acquired a secondary meaning as a trademark identifying petitioner as the source of its products, is not petitioner entitled to an injunction restraining respondent from using "Staley's" as a trademark on its new line of products, identical with petitioner's, which respondent began to market in 1952 during the pendency of this case?

4. Where, due to respondent's selection of a surname as its trademark, and to the fact that petitioner's corporate name is "Staley Milling Company" (which is not objected to even now), and to respondent's long acquiescence in petitioner's use of the same surname as a trademark for goods which though different are related, some possibility of confusion has existed for more than 25 years, may this same possibility of confusion now be made the ground for a judicial award to respondent of petitioner's valuable rights in its trademark "Staley"?

5. Is Rule 52 of the Rules of Civil Procedure complied with where the District Court makes no findings of fact with respect to the conduct of respondent bearing on the defenses of estoppel, acquiescence and laches, but merely concludes that respondent is not barred from injunctive relief by reason of those defenses, and where the decision of the Court of Appeals adopts the ruling of the District Court without any showing as to the premises of fact on which it may have been based?

6. On the basis of the Lanham Trade-Mark Act, may a registration of the word "Staley's" for edible starches and "soy bean oil meal useful as an ingredient for food and as a cattle feed", respondent's only registration of

"Staley's" for any feed product, which was obtained under the Act of March 19, 1920, be given the same effect as a registration upon the principal register and be accepted as evidence of respondent's exclusive right to use the mark for animal feeds?

Statute and Rule Involved

The decision appealed from involves several sections of The Lanham Trade-Mark Act of July 5, 1946, 15 U. S. C. A. 1051-1127, 1051 Note; 60 Stat. 427 *et seq.* The pertinent provisions of the Act are lengthy, and are therefore set out in Appendix A to this petition (pp. 1a-8a).

The decision also involves Rule 52 of the Rules of Civil Procedure for the District Courts of the United States, 28 U. S. C. A., which is set out in Appendix A to this petition (pp. 8a-9a).

Statement of the Case

Facts

There was practically no controversy between the parties in the Courts below with respect to the historical facts, although they differed strongly as to collateral facts and legal and factual implications. There was no issue, for example, as to what products were sold by the parties, when they were sold, the volume of sales and advertising, the identification of labels and containers, or the basic facts concerning the relationship of the parties. The factual issues had to do with such matters as trade practices with respect to the classification of the goods, the extent to which they were put to particular uses, and customer reactions and buying habits.

Respondent's Business

A. E. Staley Manufacturing Company, respondent, was organized in Baltimore, Maryland in 1906 by Augustus E. Staley. Its business consisted of the sale of starches and baking powder to grocers in the Middle Atlantic States and New England. In 1912 it moved to Decatur, Illinois and began to process corn by the wet milling process, producing corn starch and crude corn oil. Residuary by-products of this process are corn oil meal and corn gluten feed, useful as ingredients in mixed feeds. In 1922 respondent began the processing of soybeans. In this process the vegetable oil is extracted and sold to food manufacturers, and the residue, ground into soybean oil meal, is sold principally to manufacturers of mixed feeds for use as an ingredient.

Prior to 1925 respondent's only feed products were the three above referred to. Although small amounts may have been bought by farmers who mixed their own feeds, they were primarily industrial products which lost their identity in the end products of the mixed feed manufacturers, who purchase such products as raw materials on the basis of specification as to protein content rather than by brand name.

Since these by-products are primarily industrial rather than consumer items, brand name advertising is unnecessary and respondent naturally did not advertise them to the consuming public. There is no evidence that respondent ever advertised any feed products, whether under the trademark "Staley's" or not, prior to 1925, the time of commencement of petitioner's business; and in 1924 respondent's entire advertising expenditure for all of its products such as starches and syrups was a little over $6,000.

From 1925 until 1952, after this action was commenced, the nature of respondent's business, so far as feed products

were concerned, remained essentially the same, except that beginning in 1936, long after the establishment of petitioner's mixed feed business under the trademark "Staley", respondent pelletized some of its soybean oil meal and sold it in that form, sometimes adding minerals. The principal business of its Feed Division continued to be the sale, to mixed feed manufacturers, of its feed ingredient by-products, some in bulk and some in bags, some bearing "Staley's" as a trademark and some not.

Unknown to petitioner, respondent did indulge in four experiments in the marketing of mixed feeds, each of which was short-lived and involved small quantities. The last such experiment was in 1942-44. Thereafter respondent did not put out a new feed product until it began its direct competition with petitioner, which is referred to below. The advertising of its Feed Division remained insignificant and consisted principally of advertisements in trade journals directed to mixed feed manufacturers.

Petitioner's Business

Staley Milling Company, petitioner, was founded in 1925 at Kansas City, Missouri, by J. H. Staley, a man experienced in the manufacture of mixed feeds, who was widely known throughout the Southwest to feed dealers, wholesalers and retail grocers in connection with his sales of flour, corn meal and various types of mixed feed as manager of another company. The name "Staley" was chosen as the distinctive feature of petitioner's corporate name because of the reputation of Mr. J. H. Staley, and without knowledge of respondent's use of the name "Staley's". The company has always been managed by Mr. J. H. Staley or his son Thomas W. Staley who has been active in the business from the beginning and has managed it since 1933.

Immediately upon its incorporation petitioner began the manufacture and sale of a line of mixed feeds for animals and poultry as well as corn meal and grits which it produced

by the dry milling process. Ever since 1925 its corporate name "Staley Milling Company" has continuously been used on its containers for these products. Petitioner's first use of "Staley's" *per se* as a trademark was in 1925 on its corn meal bags, the trademark "Staley's" being prominently displayed at the top of the bag. Petitioner soon extended its use of "Staley's" as a trademark to its line of mixed feeds, still without any knowledge of respondent's use of the name. Petitioner has continuously used the trademark "Staley" since 1928 for dairy and beef cattle feeds, since 1932 for poultry feeds, and since 1934, 17 years prior to the suit, for pig and hog feeds.

Petitioner has also used the mark continuously for many years on mixed feeds for other animals including rabbits and dogs.

Even in the early years of its business petitioner's sales were substantial. By 1930 they amounted to over five and one-half million dollars, and petitioner's goods were being sold in 22 States. Since that time the business has grown to much larger proportions. Prior to 1951 when respondent first objected to petitioner's use of the trademark "Staley" by filing this suit, petitioner had sold nearly one hundred million dollars' worth of its products and had expended over two and one-half million dollars in advertising them under the "Staley" name.

Petitioner's principal business has always been the manufacture of mixed or formula feeds for sale as such to the consumer. Its products are the end products which are purchased as such by farmers and feeders, who are strongly influenced by brand names and who buy petitioner's products in reliance on the integrity and skill of the manufacturer in formulating feeds suitable for particular animals. Petitioner's advertising therefore has always been directed to the consumer and has involved the usual consumer media such as billboards, road signs, newspapers, farm papers, radio and television; and petitioner's

distribution has been principally through authorized "Staley Feed Dealers" who are identified as such by their own advertising and by large signs so designating their stores. Petitioner has always had many such dealers. By 1940 there were 1,500 of them and at the time of the trial of this action they numbered about 2,500.

Petitioner's first notice of respondent's use of "Staley's" as a trademark for feed ingredients was in 1934 when respondent began to sell such ingredients to petitioner.

Relationship of the Parties

Until 1951 respondent made no objection or protest against petitioner's use of "Staley" as a trademark for its products, although the size and scope of petitioner's business and the extent of its advertising were such that respondent could not have been ignorant of petitioner's use of the mark. However, it is not necessary to presume such knowledge, since the parties had continuous close business dealings with each other for the 18-year period from 1934 until October 1951. During all that time respondent was selling feed ingredients to petitioner, to a total amount of nearly two million dollars.

During these 18 years respondent's salesmen called on petitioner about once a month at petitioner's plant which bears large signs reading "Staley Feeds". They knew of petitioner's use of "Staley" as its trademark and of petitioner's advertising of its products as "Staley Feeds", and two of them so testified. The manager of respondent's Feed Division called on petitioner as early as 1935 and met Mr. J. H. Staley and his son, Mr. Thomas W. Staley. Respondent's president as early as 1939-41 knew of petitioner as a customer of respondent, knew that its name was Staley Milling Company, and knew that there were two men named Staley connected with it.

During their 18 years of business relationship it was common practice for the parties to exchange correspond-

ence, and respondent frequently received letters on petitioner's letterheads carrying the corporate name Staley Milling Company. As early as 1940 these letters bore a logotype display of the name "Staley" in its trademark form as used on petitioner's products.

Respondent did not regard petitioner as a competitor nor regard petitioner's trademark use of the surname "Staley" as an infringement of its rights. Respondent not only failed to object, but repeatedly made *statements to petitioner and other mixed feed manufacturers* to the effect that it did not compete with them. It stated in circular letters and post cards addressed to petitioner that it made feed ingredients exclusively and did not manufacture mixed feeds. It made similar statements orally through its officials and salesmen.

On June 1, 1937 petitioner obtained a trademark registration, No. 346,528, under the Act of February 20, 1905, of a trademark, the principal feature of which is the name "Staley's", for "milled grain products and preparations thereof, particularly poultry feed." The registered mark shows the words "Staley's Feeds" prominently displayed against a circular background with the words "Staley Feeds" also displayed on each side of it. The application was published in the Official Gazette of the United States Patent Office March 23, 1937. No opposition was filed by respondent, although respondent received the Official Gazette.

In 1948 respondent filed an application in the Patent Office, sworn to by its executive vice-president, for a concurrent registration of the trademark "Staley's" for "soy bean oil meal, used as an ingredient for stock feed" and in its application referred to petitioner's 1937 trademark registration and to petitioner's use of the trademark "Staley's" since 1934 as an exception to respondent's exclusive use of the mark.

Competition and Conflict

The conflict arose in 1951 when respondent decided to bring out a line of mixed feeds under the "Staley" name. Petitioner's line of mixed feeds had been established under that name for many years. Respondent brought this suit against petitioner to restrain it from continuing the use of the name as its trademark. Three months later respondent refused to continue selling petitioner ingredients, including soybean oil meal which was essential to petitioner's business and which was then in very short supply. Petitioner, which had relied on respondent for 18 years as a source of this ingredient, and which was operating under O.P.S. price ceilings, was forced to substitute higher priced ingredients and as a result was unable to meet competitors' prices even by reducing its profit margin.

Shortly thereafter respondent's president wrote to petitioner and suggested a merger in which respondent would take over all of petitioner's capital stock, pointing out the heavy legal expense which would be involved in obtaining a final decision from the court of last resort in this case and the fact that such an arrangement would result in ample supplies of raw materials. Petitioner rejected the suggestion and the result has been the lengthy and expensive litigation of this case.

When respondent indicated its intention to put out a line of mixed feeds directly competitive with petitioner's line, under the same name, petitioner filed a counterclaim seeking to enjoin the threatened infringement of its long-established rights.

During the pendency of the action and prior to the trial, respondent carried out its threat and introduced a line of mixed feeds parallel to that of petitioner. In 1952 respondent organized a "Formula Feed Sales Division" and for the first time offered for sale a line of mixed

feeds identical with petitioner's, advertising and promoting them as "Staley's Feeds", "Staley's Chick Starter", "Staley's Egg Mash", etc. By that time petitioner had sold over 125 million dollars' worth of its products and had expended over $3,800,000 advertising them under such terms as "Staley Feeds", "Staley Chick Starter", "Staley Egg Mash", etc.

Respondent, theretofore inexperienced in the sale of mixed feeds and unequipped for their manufacture, hired for its new Formula Feed Sales Division a new manager experienced in the sale of formula feeds, hired salesmen with similar experience, and contracted with other manufacturers to have such feeds manufactured for it. Its first price list for mixed feeds, issued in October 1952, listed twenty-five new products. This number was increased thereafter. Respondent also began to establish a system of dealers designated as "Staley's Feeds" dealers to handle the new products. Just before the trial respondent took over the mixed feed business and distribution system of another concern, The Glidden Company, converting the "Glidden" feeds to "Staley's Feeds" within a matter of weeks. Respondent's "Staley's Feeds" dealers began to compete with petitioner's "Staley Feeds" dealers, sometimes in the same town and the same neighborhood.

For this new line of products respondent also began to use consumer advertising media such as petitioner had used for many years, including outdoor advertising, road signs, newspapers and farm papers, and radio, which respondent had not theretofore used for any feed products.

Thus respondent, which previously had repeatedly stated that it was not in the mixed feed business and which represented as late as June 1950 that it dealt in "feed ingredients exclusively", in 1952 reversed its position and set itself up in the mixed feed business in direct competition with petitioner under the same trademark.

During a quarter-century of concurrent use of the name "Staley" by the parties on their respective products, including many years of pleasant and peaceful relations, no confusion occurred which gave rise to any protest by one against the other. There were occasional instances of misdirected or misdelivered mail attributable to the similarity of corporate names, as to which respondent makes no complaint, rather than to the use of "Staley" as a trademark. Respondent received a few inquiries for mixed feeds and these were cheerfully referred to petitioner. The inconsequential extent of confusion in the mails is demonstrated by mail records kept by petitioner during a six-month period after the suit commenced, showing that, although both companies had offices in Kansas City, out of nearly 40,000 items of mail received by petitioner only seven were intended for respondent.

Extensive confusion and deception of the public was brought about by respondent's invasion of the mixed feed business under the trademark "Staley's" in 1952 when that name for mixed feeds for years had had a strong secondary meaning identifying petitioner as the source of such products. This secondary meaning and the confusion resulting from respondent's entry into the mixed feed business were established by the uncontradicted testimony of many dealers, scores of farmers and farmers' wives, and by a farm survey involving over 1,000 interviews on the farms.

Proceedings Below

This action was brought by respondent as plaintiff against petitioner as defendant in the United States District Court for the Southern District of Illinois, Southern Division, for an injunction restraining petitioner from using "Staley" or "Staley's" as a trademark for human foods or animal feeds and for an accounting of profits and damages. Petitioner counterclaimed for an injunction re-

straining respondent from using "Staley" in connection with mixed feeds, for an accounting of damages and profits, and for a declaration of petitioner's right to use the trademark "Staley" for mixed feeds, corn meal, and corn grits.

The case was tried before Hon. Charles G. Briggle, U. S. D. J., sitting without a jury, from October 12 to December 16, 1954. The District Court granted the injunction against petitioner, denied respondent an accounting of profits and damages, and dismissed the counterclaim.

Petitioner appealed to the United States Court of Appeals for the Seventh Circuit. Respondent did not appeal. Upon the filing of a supersedeas bond in the amount of $5,000, the District Court suspended the judgment pending determination of the appeal and the coming down of the mandate of the Court of Appeals.

The United States Court of Appeals for the Seventh Circuit affirmed the judgment of the District Court.

Federal Jurisdiction

The jurisdiction of the United States District Court was based upon the fact that this is a civil action arising under the trademark laws of the United States (15 U.S.C.A. Secs. 1051-1127 inclusive, 1051 Note; 60 Stat. 427 *et seq.*) and is a civil action between citizens of different states wherein the amount in controversy exceeds the sum or value of $3,000 exclusive of interest and costs (28 U. S. C. 1332).

Reasons Relied on for Granting the Writ

1. The Court of Appeals has decided important questions of federal law relating to the construction and application of the Lanham Trade-Mark Act, which have not been, but should be, settled by this Court.

The District Court decision is not based on the provisions of the Lanham Act. The statute is merely referred

to in a finding as one of the bases for federal jurisdiction. The finding with respect to respondent's registrations of "Staley's" (No. 18, R. 3667, App. C, p. 18a) lacks all essential particulars and does not relate them to any statute (pp. 29-30, *infra*). However, the opinion of the Court of Appeals, while largely adopting the decision of the District Court, makes the Lanham Act the main ground and the overriding reason for rejecting petitioner's equitable defenses and for affirming the decree.

The importance of the questions presented relating to the effect of the Lanham Act, and the jeopardy in which the decision below places not only family name trademarks but all other trademarks in which rights have been acquired through use under comparable circumstances, is explained in the discussion of the decision with reference to specific sections of the Act, each relied on as a reason for granting this petition. None of these has been construed by this Court.

2. By disregarding the provisions of Section 49 of the Lanham Trade-Mark Act, the Court of Appeals has decided an important question of federal law which has not been, but should be, settled by this Court, with respect to the application of the Lanham Trade-Mark Act to cases involving pre-existing rights of trademark owners.

Section 49 of the Act (App. A, p. 8a) provides that "Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effective date of this Act." The statute was enacted July 5, 1946 and by the terms of Section 46(a) became effective a year later on July 5, 1947 (App. A, p. 7a).

In the Court of Appeals decision the remedial provisions of the Act are made the basis for restraining petitioner from continuing to enjoy the benefits of its trademark "Staley", derived from the family name of its founder, which petitioner acquired by continuous use of the

mark beginning in 1925, in good faith and without notice of any adverse use or claim by respondent. It also makes the Act the basis for refusing enforcement, against respondent, of petitioner's rights thus legitimately acquired long prior to its effective date. This use of the Act to adversely affect and in fact to destroy petitioner's rights, is plainly precluded by the unequivocal terms of Section 49.

The Act as applied by the Court below also would be destructive of the rights of many other trademark owners. Whether and to what extent its provisions affect trademark rights previously established in good faith, is a question of extreme importance to all owners of trademarks acquired in good faith prior to July 5, 1947; and this question has not been settled by this Court.

3. In rejecting petitioner's defenses of laches, acquiescence and estoppel on the basis of the Lanham Trade-Mark Act, the Court of Appeals has failed to give effect to the provisions of the Act providing for and preserving all legal and equitable defenses, and has decided a federal question in a way in conflict with the decisions of this Court in *Ancient Egyptian Order* v. *Michaux*, 279 U. S. 737; *Creswill* v. *Knights of Pythias*, 225 U. S. 246; *French Republic* v. *Saratoga Vichy Co.*, 191 U. S. 427; *Saxlehner* v. *Eisner*, 179 U. S. 19.

The District Court held that respondent's use of its trademark should not be enjoined if respondent "by its conduct is estopped" to challenge petitioner's use (App. B, pp. 10a-11a), but its ultimate conclusion that respondent "is not barred from injunctive relief by reason of laches or by virtue of estoppel" does not indicate whether the decision was based upon a question of fact or a matter of law (*Lawson* v. *United States Mining Co.*, 207 U. S. 1, 11), and in the absence of findings (see pp. 21-23, *infra*) the Court of Appeals could not know how the issues were resolved (*Panama Mail SS Co.* v. *Vargas*, 281 U. S. 670, 671).

The Court of Appeals nevertheless sustains the conclusion of the District Court and explains its decision by stating that petitioner's reasoning in support of its defense, as interpreted by the Court, "runs afoul of the Lanham Act * * *" (App. C., p. 28a).

The Lanham Act provides in Section 33(a) (App. A, p. 5a) that registration on the principal register shall be *prima facie* evidence of the registrant's exclusive right to use the registered mark "but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered" (App. A, p. 5a). Under Section 34 the courts are given the power to grant injunctions "according to the principles of equity * * *" (App. A, p. 6a). Clearly it was the intention of Congress to preserve the equitable defenses which at all times have had an important application to the common law of trademarks.

The right thus preserved in the Lanham Act is the right which has been described in the decisions of this Court setting forth the equitable defenses of laches, acquiescence and estoppel in cases involving trademark infringement and unfair competition. In *Creswill* v. *Knights of Pythias*, 225 U. S. 246, 262, this Court, reversing a judgment which had granted an injunction to the earlier of two users of a fraternal organization name, said:

> "As we have observed, the court below in considering the facts on that subject made no reference to the evidence, but assumed that it must be that the findings of the jury were sustained by evidence and indulged in the assumption that it was natural to suppose that the long-continued existence and development of the defendant order had not been interfered with by the complainant corporation because not known until the defendants came into the open by making an application to be made a domestic corporation of Georgia. The facts, however, which we have stated concerning the establishment of the order, its lodgment in Georgia, its vast expansion,

> its years of duration and its volume of transactions were not disputed in any particular whatever, and therefore leave no room for any other but the legal conclusion of laches. This, we think, in the most conclusive way demonstrates the violation of the elementary principles of equity which would result from the enforcement of the injunction which the Court awarded. * * * "

Other leading decisions of this Court to the same effect are cited above.

Thus the decision of the Court of Appeals, holding in effect that because of the Lanham Act petitioner's defense of estoppel is of no avail, not only fails to give effect to the provisions of the Act specifically providing for such defenses but also is in conflict with the decisions of this Court.

There is conflict, too, between the decision below and decisions in other Circuits. *Mitchell* v. *Budd*, 350 U. S. 473, 474. Among the numerous cases in which Courts of Appeals have faithfully followed the principles laid down by the decisions of this Court on this question are *Dietz* v. *Horton Mfg. Co.*, 170 Fed. 865, 872 (C. C. A. 6, 1909); *C. B. Fleet Co.* v. *Mobile Drug Co.*, 284 Fed. 813, 815 (C. C. A. 5, 1922); *Ambrosia Chocolate Co.* v. *Ambrosia Cake Bakery*, 165 F. 2d 693, 695 (C. C. A. 4, 1947); *Anheuser-Busch* v. *DuBois Brewing Co.*, 175 F. 2d 370, 377 (C. A. 3, 1949); *Emerson Electric Mfg. Co.* v. *Emerson Radio & P. Corp.*, 105 F. 2d 908 (C. C. A. 2, 1939).

France Milling Co. v. *Washburn-Crosby*, 7 F. 2d 304 (C. C. A. 2, 1925), where the Second Circuit Court of Appeals applied this principle, is of particular interest here because, as in the present case, the litigants used the same trademark on products which, though different, were closely related. The plaintiff had used the trademark "Gold Medal" since 1904 for prepared pancake flour and the defendant had used the trademark "Gold Medal" since 1880 for wheat flour. Thus the defendant was the earlier user

so that the positions of the parties were the reverse of those in the present case. The defendant was enjoined from extending its use of the trademark to prepared pancake flour and its counterclaim for an injunction against the plaintiff's use of the trademark was held barred by acquiescence and laches. It was found (p. 305) that the plaintiff "did nothing secretly" and that for more than ten years the defendant's agents and officers "knew what the plaintiff was doing" and "did nothing about it—except to encourage France to buy flour from them." The Court remarked that in commercial classification prepared or pancake flour and straight or unmixed flour are not poles apart, but noted that the defendant's opinion during the time when the defendant was not manufacturing pancake flour had been that the products were different. The Court said that the inequity of granting any injunction against the plaintiff would be "too manifest for discussion" and held (p. 306) that "Both parties are entitled to be protected in their several businesses."

In the present case the relationship between the respective products of the parties is not even as close as in the "Gold Medal" case. Both Courts below discuss this relationship at some length as though the controlling issue were whether mixed feed products and straight feed products are in the same or in separate "fields", whereas the issue lies in the inequity of enjoining the use of a trademark in the business which petitioner was building up during the many years when respondent did not object. So far as the facts relating to estoppel are concerned, those in this case are strikingly similar to those in the "Gold Medal" case. However, in the present case the period of acquiescence is much longer and there is the added element of respondent's affirmative statements to petitioner and other mixed feed manufacturers to the effect that it did not compete with them (*supra*, pp. 8, 9).

The decision of the District Court excused respondent's laches on the theory that there was a "progressive en-

croachment'' by petitioner upon respondent's rights (App. B, p. 11a), and the Court of Appeals decision seems to sustain that theory, at least in part, by quoting with approval language of the District Court characterizing petitioner's ''invasion of the field claimed by Plaintiff for its mark'' as having been of ''a gradual or progressive character'' (App. C, p. 35a). However, neither decision explains what conduct is deemed to have constituted such ''progressive encroachment''. It is referred to by the District Court as progressive encroachment in ''the use and manner of use'' of ''Staley'' as a trademark (Conc. 17, R. 3667) and elsewhere as the ''use'' without reference to ''manner of use'' (Finding 41, R. 3670; App. C, p. 21a). If it be surmised that the District Court had in mind certain changes in the manner of use of petitioner's trademark the theory does not apply, because it found that these changes ''took place between the years 1925 and 1946'', long prior to the suit (Finding 37, R. 3669; App. C, p. 21a).

If, on the other hand, the ''progressive encroachment'' supposedly consisted of a gradual ''invasion of plaintiff's field'' the theory is defeated by the Court's own reasoning. The word ''field'' is used throughout the decision of the District Court as meaning the class of goods, and under the theory of the decision petitioner's use of ''Staley'' as a trademark was an ''invasion of the field'' from the start. In fact the District Court found that the feed products of the parties '' * * * are and always have been in the same field and competitive * * * '' (Finding 56, R. 3671; App. C, p. 23a).

To demonstrate that there was no ''progressive encroachment'' on any theory requires a more extensive discussion of the facts than is suitable to a petition of this nature, particularly in view of the absence of findings necessary to show how the Court below came to the conclusion that the doctrine of ''progressive encroachment''

could be applicable here. We must therefore content ourselves with pointing out that the termination of respondent's acquiescence and the arousing of hostile action on the part of respondent bear no chronological relation to any change in petitioner's conduct, but do coincide with respondent's decision to go into the mixed feed business under the trademark "Staley's" (*supra*, p. 10, 11). What induced respondent to take action after many years of acquiescence was not any act of petitioner, but respondent's own desire to move into petitioner's part of the field. The only invasion was by respondent, and the doctrine of "progressive encroachment" has no application.

This is not a "progressive encroachment" case; it is a case where, as in the "Gold Medal" case, the first user of the mark, respondent in the present case, has attacked the business which petitioner, the second user, built up with respondent's acquiescence. Paraphrasing the language in the "Gold Medal" case (7 F. 2d at p. 306), both parties "are entitled to be protected in their several businesses".

In the present case, as in the "Gold Medal" case, the fact that for so many years the products sold by the parties "in their several businesses", though obviously related, were treated by both parties as commercially different, is significant in its bearing on the issue of estoppel, and it helps to explain why respondent did not object to petitioner's use of petitioner's "Staley" trademark. The decisions of this Court teach that the business and goodwill built up by petitioner during those many years are entitled to the protection of equity.

The construction by the Court below of the Lanham Trade-Mark Act as having abrogated the rules of equity laid down by this Court, and its failure to follow the decisions of this Court on this question, can have a disastrous effect upon the businesses of the many trademark owners whose rights in their trademarks were developed under

circumstances similar to those in the present case, in the "Gold Medal" case, and numerous cases of similar import. If the present decision stands, it will bring insecurity to all who have relied on the protection of their rights under well established common law rules and under the provisions written into the Lanham Act which clearly were intended to save and continue this protection. The question is important, too, from the point of view of the public which, if this decision is allowed to stand, can no longer safely rely on the trademarks which are thus threatened.

4. The decision of the Court of Appeals merely adopts the rulings of the District Court on several controlling issues, and as to others is silent on the District Court's ultimate conclusions, the District Court having made no findings with respect to such issues as required by Rule 52 of the Rules of Civil Procedure. The Court of Appeals has thus so far departed from the accepted and usual course of judicial proceedings, and has so far sanctioned such a departure by the District Court, as to call for the exercise of this Court's power of supervision.

The findings on all the major issues of the present case fall short of the requirement that "there must be findings, in such detail and exactness as the nature of the case permits, of subsidiary facts on which the ultimate conclusion * * * can rationally be predicated", *Kelley* v. *Everglades District*, 319 U. S. 415, 422.

This lack of findings "sufficient to indicate the factual basis for the ultimate conclusion" (*Id.*, at p. 422) is most notable in the decision of the issues relating to the defenses of laches, acquiescence and estoppel.

Facts which should have been considered in the determination of these questions, but which are nowhere referred to in the Findings of Fact, or in the Conclusions of Law, or in the "Memorandum" of the District Court, include the nature of the business relationship of the parties

during a period of about 18 years prior to this suit, and the conduct of respondent during the many years when it knew of petitioner's use of its family name as a trademark, but made no objection.

Such "findings" as have any bearing on these issues are too general to serve the purpose of Rule 52. Because of the nature of this case, involving two concerns using the same family name trademark for many years, one on foods for humans and feed ingredients, the other principally on formula or mixed feeds, findings which refer to the products summarily and indiscriminately as "foods and feeds" and which give the figures for sales and for advertising without relating them chronologically to acts or events affecting the relationship of the parties, are obviously not helpful. The "findings of fact" actually consist largely of ultimate conclusions which "did not dispense with the necessity of properly formulating the underlying findings of fact". *Interstate Circuit* v. *U. S.*, 304 U. S. 55, 56.

The Court of Appeals could not know from the decision of the District Court how the questions of fact were resolved, or whether the conclusion that respondent "is not barred from injunctive relief by reason of laches, acquiescence or estoppel," (Concl. 23, R. 3675) and the conclusion that petitioner "has not established its affirmative defenses" (Concl. 24, R. 3675) were determinations of fact or of law. Nevertheless, the Court of Appeals stated, "This is simply not an instance where some critical finding, or findings, of fact are clearly erroneous" (App. C, p. 15a), and held itself bound to leave the findings undisturbed. Indeed, it incorporated most of them, verbatim, in its opinion.

In *Panama Mail S.S. Co.* v. *Vargas*, 281 U. S. 670, where the decision of the District Court lacked findings of fact and the Court of Appeals affirmed the decree (p. 671) "on the stated ground that appellate courts refuse to review

decisions of trial courts * * * unless the record discloses some plain error of fact or some misapplication of law," this Court vacated the decrees of both Courts and, commenting on the District Court decree, said (p. 671):

> "No doubt a finding of some kind is to be implied from the decree—a finding that would suffice as against a collateral attack. But the present attack is direct, not collateral. It is made in an appellate proceeding where the review * * * extends to the findings of fact as well as to the rulings on questions of law. The decree does not show on what premise of fact it was given, but only that it was given on some premise which in the court's opinion entitled the plaintiff to the decree. * * * In the absence of distinct findings an appellate court cannot know how the questions of fact were resolved. * * *"

This Court has emphasized the importance of special and adequate findings in accordance with prescribed equity practice. *Interstate Circuit* v. *U. S.*, 304 U. S. 55, 57. The decisions of both Courts below in the present case fail conspicuously to comply with the Rules of Civil Procedure and this departure from the accepted and usual course of judicial proceedings is, we submit, a sufficient reason for granting a writ of certiorari.

5. On the basis of the Lanham Trade-Mark Act the Court of Appeals sustained an injunction against the trade-mark use of a legitimate family name, which injunction was granted by the District Court on the theory that the derivation of the trademark was "without controlling significance", thus deciding a federal question in a way in conflict with the decisions of this Court in *Brown Chemical Co.* v. *Meyer*, 139 U. S. 540, *Howe Scale Co.* v. *Wyckoff*, 198 U. S. 118, and *Warner* v. *Lilly*, 265 U. S. 526.

J. H. Staley and A. E. Staley were founders of petitioner and respondent, respectively. The District Court included this in its findings (Finds. 5, 7, R. 3666), but it

held: "That the trade-mark Staley's is derived from a family name is without controlling significance under the facts and circumstances herein." (Concl. 13, R. 3674.) The District Court did not explain what these "facts and circumstances" might be, and the only other reference to this issue is in the memorandum of the District Court, which reads, "The family name of Staley, in its relation to each of the parties, is without controlling significance except that both parties have used the same in their respective corporate names—and this they have a right to continue to do." (R. 3665, App. C, p. 12a.)

The decision of the Court of Appeals contains no reference to the family name character of the name "Staley", either in connection with the trademarks of the two concerns or in connection with their corporate names, but it accepts the findings and, by implication, sustains the conclusion of the District Court. Both decisions below thus are in conflict with the law, as laid down in the decisions of this Court, governing the trademark use of family names by the legitimate possessors of the names and by their rightful successors in interest.

In *Brown Chemical Co.* v. *Meyer*, 139 U. S. 540, the plaintiff, the prior user, sold "Brown's Iron Bitters" and the defendant sold "Brown's Iron Tonic", both being medicinal preparations, regarded commercially as "distinct and separate" (p. 545). A concern which manufactured the defendant's preparation for the defendant advertised both the plaintiff's and the defendant's product in its drug list, one under the head of "bitters" and the other under the head of "tonics".

The facts in the *Brown Chemical* case relating to the establishment of the defendant's rights in the mark are somewhat similar to those in the present case. E. L. Brown, from whose name the defendant's trademark was derived, was a travelling salesman for a drug house from 1869 to

1881, "and became generally known to the trade." Defendant's trademark use of "Brown's" began in 1881 or 1882 without knowledge of the use by the plaintiff of "Brown's Iron Bitters" (*id.* pp. 542-544; cf. p. 6, *supra*).

The complaint was dismissed. In affirming the decree, this Court said (p. 544)—

> "A man's name is his own property, and he has the same right to its use and enjoyment as he has to that of any other species of property. If such use be a reasonable, honest and fair exercise of such right, he is no more liable for the incidental damage he may do a rival in trade than he would be for injury to his neighbor's property by the smoke issuing from his chimney, or for the fall of his neighbor's house by reason of necessary excavations upon his own land. These and similar instances are cases of *damnum absque injuria.* * * *"*

The rule of the *Brown Chemical* case was applied in *Howe Scale Co.* v. *Wyckoff*, 198 U. S. 118, where one of the issues was use of the same family name in the corporate names of the litigants. Insofar as the decision in the present case acknowledges the right of petitioner to use its corporate name, it is not in conflict with the rule of the *Howe Scale* case, but since the *Howe Scale* case also is an application of the rule of the *Brown Chemical* case, the opinion below is in conflict with the decisions in both these cases.

There are two aspects to this conflict.

First, there is the failure to distinguish family name trademarks from arbitrary marks and the consequent failure to acknowledge and give effect to the rule of the *Brown Chemical* case. Thus the Court of Appeals, in referring to respondent as a prior user and to petitioner as the latecomer (App. C, pp. 36a-37a) cites its decision in *Northam Warren Corp.* v. *Universal Cosmetic Co.*, 18 F. 2d 774, where infringement of an arbitrary trademark ("Cutex") was

involved. The District Court, too, rested its decision on priority, as though "Staley" were an arbitary trademark, saying, "I should not, under the evidence here, wish to define the acts of defendant as dishonest—yet, in view of Plaintiff's prior right to the use of the mark, Defendant's use became and is wrongful" (App. B, p. 12a).

The Lanham Act, on which the decision of the Court of Appeals so largely rests, bars the registration of a surname, unless it has acquired distinctiveness (Sections 2(e) and 2(f), App. A, p. 2a). If, under the Act, priority of use of a surname as a trademark entitled the user to exclusive rights, there would be no reason for requiring proof of distinctiveness. Priority is significant only if the first user can claim exclusive rights on the basis of his use and nothing more.

If the Lanham Act has abrogated the law of the *Brown Chemical* case, as the Court of Appeals appears to hold, the established trademark rights of many persons using their family names and of many concerns using the family names of their predecessors, are in jeopardy.

The other aspect of the conflict of the decision of the Court of Appeals with the decisions of this Court is the failure of the Court of Appeals to recognize that the protection of the right to use a trademark can involve *damnum absque injuria*. This is reflected in statements about the public interest and about the protection of the public as the purpose of the Lanham Act (App. C, pp. 27a, 35a). The Court argues, in this connection, that, where two concerns use the same name as a trademark for related products, confusion is likely to result and the Court has the power and duty to guard the public against this possibility by enjoining one of the two users of the name.

It is beyond dispute that the public interest is involved not only in this but in every trademark case, since confusion or possible confusion between names or trademarks

affects the public. The conflict between the decision of the Court of Appeals and the decisions of this Court lies in the failure of the Court of Appeals to distinguish between confusion which is caused by wrongful acts and confusion which grows out of concurrent rightful uses, and in the apparent belief of the Court below that it has the authority and the duty to prevent all possibility of confusion, regardless of the cause, and that to this end it may restrict or even prohibit the exercise of rights such as the right of the defendant in the *Brown Chemical* case to use the name "Brown's" as a trademark for its medicine. Indeed, the decision here goes further and, by enjoining petitioner and denying it relief against respondent, confiscates the good will created by petitioner's years of effort and awards it to respondent.

On this question, the decision of the Court of Appeals is in conflict also with the decision of this Court in *Warner* v. *Lilly*, 265 U. S. 526, which sustained both lower Courts in refusing to enjoin the defendant's use of a name which was held to be merely descriptive, saying (p. 528):

> **"The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin of ownership of the product."**

The Court of Appeals decision (App. C, p. 34a) cites *Mishawaka* v. *Kresge*, 316 U. S. 203, as supporting its theory with respect to confusion and the public interest. In that case this Court stated the rule governing an accounting of profits where a trademark has been infringed. The trademark which was involved was an arbitrary mark. There is nothing in the language quoted in the decision below, or elsewhere in the *Mishawaka* case, to suggest that this Court has changed the rule of the *Brown Chemical* case or the rule stated in the quotation from *Warner* v. *Lilly*.

It is the theory of the decision below that whenever there are two users of a trademark, even a surname, on different goods within a broad general category of products such as "foods and feeds", the protection of the public interest requires the issuance of an injunction against the later use at any time when the first user may choose to invoke the action of the court, regardless of the legitimate derivation of the name, and no matter what the circumstances with respect to duration of use, laches or permissive conduct by the first user, the specific character of the goods, the identifying association of the mark when used on the respective products of the parties, or the value of the good will which may be destroyed by the injunction.

Although this theory is based upon the proposition that protection of the public requires the elimination of all possibility of confusion, such a decision actually creates confusion when applied to a situation where, as here, two concerns for years have used the same trademark on products which are different, though related. The public can no longer rely on the integrity of the trademark. Respondent, which under the decision acquires exclusive rights in the surname "Staley" as a trademark for every known or conceivable type of food or feed product, is authorized by the judgment of a court of equity to use the trademark on goods which the public for many years has recognized as products of petitioner when so marked, and thereby take over the good will of petitioner.

The decision below, which disregards the controlling significance of the family name derivation of the trademark, thus is destructive of petitioner's rights, contrary to the public interest, and in conflict with the decisions of this Court.

6. By giving to respondent's trademark registration under the Act of March 19, 1920 the effect of a registration on the principal register established by the Lanham Trade-Mark Act, the Court of Appeals failed to make the distinction intended by the Lanham Act between trademarks on the principal register and those on the supplemental register, and decided an important question of federal law which has not been, but should be, settled by this Court.

Although the District Court held all of respondent's trademark registrations valid (Concl. 3, R. 3674) and held that respondent has both the common law and statutory right to the exclusive use of the trademark "Staley" or "Staley's" on all of its products (Concl. 4, R. 3674), and although the Court of Appeals regarded the amended complaint as being grounded on the Lanham Trade-Mark Act (App. C, pp. 29a-30a), neither Court paid any heed to the differences in the various types of trademark registration under the various trademark acts, nor did they identify respondent's registrations in this respect. Both Courts merely stated the number of registrations held by respondent.

Respondent's registrations of "Staley's" consist of four issued under the 1905 Act, in which "Staley's" is combined with distinctive design features, for syrups, edible vegetable oils, and soy bean flour; eight issued under Section 2(f) of the Lanham Trade-Mark Act for items of human food, laundry starch, and industrial products such as adhesives; and three under the 1920 Act for laundry starch, edible starches, salad and cooking oil, syrups, and soy bean oil meal useful as an ingredient for food and as a cattle feed.

The effect of the decision of the Court of Appeals is to give the same significance to a registration under the Act of March 19, 1920 as to registrations under the Act of February 20, 1905 and registrations on the principal register under the Lanham Act. The opinion applies Section 33(a)

of the Lanham Act to all of respondent's "fifteen federal registrations of its trademark STALEY'S for various products, *including* food for human consumption and *animal feeds*" (App. C, pp. 29a-30a; italics supplied). The issues most important to both parties in this action have to do with the right to use the "Staley" trademark on *feeds*, and these issues were decided by the Court of Appeals largely on the basis of respondent's registrations; but the fact is that respondent's *only* registration of "Staley's" for any *feed* product is Registration No. 378,691 issued June 11, 1940 under the Act of March 19, 1920, covering certain edible starches and "soy bean oil meal useful as an ingredient for food and as a cattle feed." Thus an important question of federal law arises as to the effect of the Lanham Act upon this 1920 Act registration.

Registrations under the Act of 1920 are the equivalent of registrations on the supplemental register established by the Lanham Act. Under Section 23 of the Lanham Act (App. A, p. 3a), the supplemental register is a continuation of the register kept under the Act of March 19, 1920. Nondistinctive marks, such as descriptive terms and personal names, which are ineligible for registration on the principal register, except upon proof of distinctiveness, may be put upon the supplemental register but such registrations are not *prima facie* evidence of the registrant's exclusive right as are those on the principal register.

Section 26 of the Lanham Act (App. A, p. 4a) provides that registrations on the supplemental register shall not be subject to or receive the advantages of certain sections of the Act, including Section 33, which is relied on by the Court below as the basis for the establishment of respondent's statutory rights; and, by the terms of Section 33 itself, the only registrations which are *prima facie* evidence of the registrant's exclusive right to use the mark are those issued under the Act of March 3, 1881, or the Act of February 20, 1905, or marks registered on the principal register provided by the Lanham Act (App. A, p. 5a).

It is clear that the Lanham Act was not intended to change the essential nature of a 1920 Act registration so as to make it *prima facie* evidence of an exclusive right of the registrant to use a non-distinctive mark such as a family name.

Under the Act of March 19, 1920 and prior to the enactment of the Lanham Act, such a registration did not have such evidentiary effect, and conferred no substantive rights. *Armstrong Co.* v. *Nu-Enamel Corp.*, 305 U. S. 315, 323, 333. The ruling of the Court below, holding in effect that the Lanham Act confers new rights upon the owners of 1920 Act registrations, would, if followed, enable 1920 Act registrants to challenge their competitors' heretofore lawful use of descriptive and geographic marks and surnames.

This question of federal law therefore is of substantial general importance, and it has not been settled by this Court.

CONCLUSION

A writ of certiorari should be granted in accordance with the prayer of this petition.

Dated, New York, N. Y., May 13, 1958.

Respectfully submitted,

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APPENDIX A

STATUTES

THE TRADE-MARK ACT OF 1946
(LANHAM ACT)

60 Stat. 427 et seq.; 15 U. S. C. A. 1051 et seq., 1051 note; Public Law 489—79th Congress, Chapter 540—2d Session, H.R. 1654

TITLE I—THE PRINCIPAL REGISTER

* * *

MARKS REGISTRABLE ON THE PRINCIPAL REGISTER

SEC. 2. No trade-mark by which the goods of the applicant may be distinguished from the goods of others shall be refused registration on the principal register on account of its nature unless it—

* * *

(d) Consists of or comprises a mark which so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion or mistake or to deceive purchasers: *Provided*, That the Commissioner may register as concurrent registrations the same or similar marks to more than one registrant when they have become entitled to use such marks as a result of their concurrent lawful use thereof in commerce prior to any of the filing dates of the applications involved and the Commissioner or a court on appeal determines that confusion or mistake or deceit of purchasers is not likely to result from the continued use of said marks under conditions and limitations as to the mode or place of use or the goods in connection with which such registrations may be granted which conditions and limitations shall be prescribed in the grant of the concurrent

registrations thereof; and concurrent registrations may be similarly granted by the Commissioner with such conditions and limitations when a court has finally determined that more than one person is entitled to use the same or similar marks in commerce. The Commissioner shall give not less than thirty days' written notice to all applicants, registrants, and users specified by any of the parties concerned of any application for concurrent registration and of the time and place of the hearings thereon. When the Commissioner decides to grant a concurrent registration the proposed registration shall be published in the Official Gazette of the Patent Office and the application shall be subject to opposition as hereinafter provided for other applications to register marks. Concurrent registrations may be ordered by a court in an action under the provisions of section 4915, Revised Statutes, under such conditions and limitations as the court considers proper in accordance herewith.

(e) Consists of a mark which, (1) when applied to the goods of the applicant is merely descriptive or deceptively misdescriptive of them, or (2) when applied to the goods of the applicant is primarily geographically descriptive or deceptively misdescriptive of them, except as indications of regional origin may be registrable under section 4 hereof, or (3) is primarily merely a surname.

(f) Except as expressly excluded in subsections (a), (b), (c), and (d) of this section, nothing in this chapter shall prevent the registration of a mark used by the applicant which has become distinctive of the applicant's goods in commerce. The Commissioner may accept as *prima facie* evidence that the mark has become distinctive, as applied to the applicant's goods in commerce, proof of substantially exclusive and continuous use thereof as a mark by the applicant in commerce for the five years next preceding the date of the filing of the application for its registration.

* * *

Appendix A

CERTIFICATES

* * *

SEC. 7. (b) A certificate of registration of a mark upon the principal register provided by this Act shall be prima facie evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods or services specified in the certificate, subject to any conditions and limitations stated therein.

* * *

REGISTRATION IS NOTICE

SEC. 22. Registration of a mark on the principal register provided by this Act or under the Act of March 3, 1881, or the Act of February 20, 1905, shall be constructive notice of the registrant's claim of ownership thereof.

TITLE II—THE SUPPLEMENTAL REGISTER

SEC. 23. In addition to the principal register, the Commissioner shall keep a continuation of the register provided in paragraph (b) of section 1 of the Act of March 19, 1920, entitled "An Act to give effect to certain provisions of the convention for the protection of trade-marks and commercial names, made and signed in the city of Buenos Aires, in the Argentine Republic, August 20, 1910, and for other purposes", to be called the supplemental register. All marks capable of distinguishing applicant's goods or services and not registrable on the principal register herein provided, except those declared to be unregistrable under paragraphs (a), (b), (c), and (d) of section 2 of this Act, which have been in lawful use in commerce by the proprietor thereof, upon or in connection with any goods or services for the year preceding the filing of the application may be registered on the supplemental register upon the payment of the prescribed fee and compliance with the provisions of section 1 so far as they are applicable.

Appendix A

Upon the filing of an application for registration on the supplemental register and payment of the fee herein provided the Commissioner shall refer the application to the examiner in charge of the registration of marks, who shall cause an examination to be made and if on such examination it shall appear that the applicant is entitled to registration, the registration shall be granted. If the applicant is found not entitled to registration the provisions of subsection (b) of section 12 of this Act shall apply.

For the purposes of registration on the supplemental register, a mark may consist of any trade-mark, symbol, label, package, configuration of goods, name, word, slogan, phrase, surname, geographical name, numeral, or device or any combination of any of the foregoing, but such mark must be capable of distinguishing the applicant's goods or services.

Upon a proper showing by the applicant that he has begun the lawful use of his mark in foreign commerce and that he requires domestic registration as a basis for foreign protection of his mark, the Commissioner may waive the requirement of a full year's use and may grant registration forthwith.

* * *

GENERAL PROVISIONS

SEC. 26. The provisions of this Act shall govern so far as applicable applications for registration and registrations on the supplemental register as well as those on the principal register, but applications for and registrations on the supplemental register shall not be subject to or receive the advantages of sections 2 (e), 2 (f), 7 (b), 12 (a), 13 to 18, inclusive, 22, 33, and 42 of this Act.

* * *

Appendix A

TITLE VI—REMEDIES

SEC. 32. (1) Any person who shall, in commerce, (a) use, without the consent of the registrant, any reproduction, counterfeit, copy, or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services; or (b) reproduce, counterfeit, copy, or colorably imitate any such mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale in commerce of such goods or services, shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided, except that under subsection (b) hereof the registrant shall not be entitled to recover profits or damages unless the acts have been committed with knowledge that such mark is intended to be used to cause confusion or mistake or to deceive purchasers.

• • •

SEC. 33. (a) Any certificate of registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the certificate subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.

(b) If the right to use the registered mark has become incontestable under section 15 hereof, the certificate shall be conclusive evidence of the registrant's exclusive right to

use the registered mark in commerce on or in connection with the goods or services specified in the certificate subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:

* * *

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to the publication of the registered mark under subsection (a) or (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved.

* * *

SEC. 34. The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent Office. Any such injunction may include a provision directing the defendant to file with the court and serve on the plaintiff within thirty days after the service on the defendant of such injunction, or such extended period as the court may direct, a report in writing under oath setting forth in detail the manner and form in which the defendant has complied with the injunction. Any such injunction granted upon hearing, after notice to the defendant, by any district court of the United States, may be served on the parties against whom such injunction is granted anywhere in the United States where they may be found, and shall be operative and may be enforced by proceedings to punish for contempt, or otherwise, by the court by which such injunction was granted, or by any other United States district court in whose jurisdiction the defendant may be found.

* * *

Appendix A

SEC. 39. The district and territorial courts of the United States shall have original jurisdiction, the circuit courts of appeal of the United States and the United States Court of Appeals for the District of Columbia shall have appellate jurisdiction, of all actions arising under this Act, without regard to the amount in controversy or to diversity or lack of diversity of the citizenship of the parties.

* * *

TITLE X—CONSTRUCTION AND DEFINITIONS

SEC. 45. In the construction of this Act, unless the contrary is plainly apparent from the context—

* * *

The term "principal register" refers to the register provided for by sections 1 through 22 hereof, and the term "supplemental register" refers to the register provided for by sections 23 through 28 he[illegible].

* * *

The intent of this Act is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition, to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.

TITLE XI—REPEAL OF PREVIOUS ACTS

SEC. 46. (a) This Act shall be in force and take effect one year from its enactment, but except as otherwise herein specifically provided shall not affect any suit, proceeding, or appeal then pending. * * *

(b) Registrations now existing under the Act of March 3, 1881, or the Act of February 20, 1905, shall continue in full force and effect for the unexpired terms thereof and may be renewed under the provisions of section 9 of this Act. Such registrations and the renewals thereof shall be subject to and shall be entitled to the benefits of the provisions of this Act to the same extent and with the same force and effect as though registered on the principal register established by this Act except as limited in sections 8, 12, 14, and 15 of this Act. Marks registered under the "ten-year proviso" of section 5 of the Act of February 20, 1905, as amended, shall be deemed to have become distinctive of the registrant's goods in commerce under paragraph (f) of section 2 of this Act and may be renewed under section 9 hereof as marks coming within said paragraph.

* * *

SEC. 49. Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effective date of this Act.

* * *

RULES

RULES OF CIVIL PROCEDURE
FOR THE
DISTRICT COURTS OF THE UNITED STATES

RULE 52

FINDINGS BY THE COURT

(a) Effect. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon and direct the entry of the appropriate judgment;

and in granting or refusing interlocutory injunctions the court shall similarly set forth the findings of fact and conclusions of law which constitute the grounds of its action. Request for findings are not necessary for purposes of review. Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court. If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein. Findings of fact and conclusions of law are unnecessary on decisions of motions under Rules 12 or 56 or any other motion except as provided in Rule 41 (b).

(b) Amendment. Upon motion of a party made not later than 10 days after entry of judgment the court may amend its findings or make additional findings and may amend the judgment accordingly. The motion may be made with a motion for a new trial pursuant to Rule 59. When findings of fact are made in actions tried by the court without a jury, the question of the sufficiency of the evidence to support the findings may thereafter be raised whether or not the party raising the question has made in the district court an objection to such findings or has made a motion to amend them or a motion for judgment.

APPENDIX B

(Memorandum for Counsel by United States District Court, Briggle, District Judge)

IN THE UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF ILLINOIS

SOUTHERN DIVISION

Civil No. 1291

—o—

A. E. STALEY MANUFACTURING COMPANY,
a corporation,

Plaintiff.

vs.

STALEY MILLING COMPANY,
a corporation,

Defendant,

STALEY MILLING COMPANY,
a corporation,

Cross-Plaintiff.

vs.

A. E. STALEY MANUFACTURING COMPANY,
a corporation,

Cross-Defendant.

—o—

MEMORANDUM FOR COUNSEL

(Not for publication as an opinion)

It has seemed to me that the decision here must turn largely upon whether Plaintiff and Defendant, in their respective feed lines, are in the same or separate fields. If they are in the same field then Plaintiff was the first to adopt and use the name "Staley" as a trade mark and Defendant's use should be enjoined unless Plaintiff by its

conduct is estopped to challenge defendant's use. If they are in separate fields then defendant is entitled to the use of the name for its mixed feeds and Plaintiff's use should be enjoined as to mixed or formula feeds.

The conclusion I have reached on this question is that the "separate fields" theory is too tenuous a one to be adopted by the Court. It would require too fine a distinction to hold that because a large part of Plaintiff's feed products were sold without the mixing of ingredients and a large part of defendant's feed products were sold after the mixing of ingredients that they thus became and were in different fields and non-competitive. While in the beginning of its corporate existence Plaintiff's principal products were starches and syrups, it early began the manufacture and sale of feeds for livestock and poultry, and in my judgment has been in a competitive field with defendant since defendant's incorporation in 1925.

Defendant originally used the trade mark "Four Bells" on its feeds, but by a gradual process came to use the name "Staley" and "Staley's Feeds" in a fashion very similar to Plaintiff's use of the name. By reason of such similarity, confusion has arisen in a marked degree. The public has confused Plaintiff's goods with Defendant's and Defendant's goods with Plaintiff's; some have mistakenly assumed that the two companies were either identical or that one was a subsidiary of the other. The term "progressive encroachment" probably correctly defines Defendant's use of the name "Staley" on its feeds for, while it has a number of other distinctive trade marks, its more elaborate use of the name "Staley" has been a gradual one.

Plaintiff has used the name "Staley" to identify its products since 1912 and in my judgment has acquired both the common law and statutory right to the use of such mark on all its products, including livestock and poultry feeds, whether sold to the public as "straight feeds" or "mixed feeds".

Appendix B

I should not, under the evidence here, wish to define the acts of defendant as dishonest—yet in view of Plaintiff's prior right to the use of the mark, Defendant's use became and is wrongful.

While it may be thought that Plaintiff's relationship with Defendant for several years, including the sale of soy bean oil meal to Defendant, was sufficient to charge the Plaintiff with notice of Defendant's use of the trade mark in question, yet the Defendant's operations were small in the earlier years, and its invasion of the field claimed by Plaintiff for its mark was of such a gradual or progressive character that I am inclined to the view that Plaintiff should not be barred from injunctive relief by reason of laches or by virtue of estoppel. I am of the opinion, however, that Plaintiff is not entitled to an accounting, but a public interest exists that should be protected—a right of the public not to be confronted on all sides with confusion or the likelihood thereof.

Defendant will be enjoined from:

1. Use of the name "Staley" or "Staley's" or "Staley Feeds" or "Staley's Feeds" as a trade mark for food for human consumption or for livestock and poultry feeds.
2. From a colorable imitation thereof.
3. From emphasizing the name "Staley" over other words of Defendant's corporate name.
4. From doing any act or thing likely to confuse the public in relation to the identity of Plaintiff's and Defendant's products.

The family name of Staley, in its relationship to each of the parties, is without controlling significance except that both parties have used the same in their respective corporate names—and this they have a right to continue to do.

Neither will be enjoined from such use and Defendant will not be enjoined from use of the red disc or circular design.

The cross complaint will be dismissed.

The above brief observations are merely for the guidance of counsel in presenting appropriate findings of fact, conclusions of law and a decree. The findings of fact may, of course, be submitted in greater detail, consistent with the ultimate conclusions here indicated.

Counsel for Plaintiff may submit what they deem to be appropriate findings and a decree by February 25, 1955, at the same time furnishing counsel for Defendant with copy. If counsel for Defendant desire to make any observations in reference to the form of such findings they may do so in writing by March 15, 1955.

CHAS G. BRIGGLE,
U. S. District Judge.

Filed with the Clerk of Court 1-27-55

APPENDIX C

(Opinion of United States Court of Appeals for the Seventh Circuit)

IN THE

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

No. 11514. SEPTEMBER TERM AND SESSION, 1957.

Appeal from the United States District Court for the Southern District of Illinois, Southern Division.

A. E. STALEY MANUFACTURING COMPANY,
Plaintiff-Appellee,

v.

STALEY MILLING COMPANY,
Defendant-Appellant.

March 13, 1958.

Before FINNEGAN, SCHNACKENBERG and PARKINSON, *Circuit Judges.*

FINNEGAN, *Circuit Judge.* A factual controversy is the chief factor in this appeal resting upon a prolix record. After carefully canvassing that five volume transcript of evidence containing roughly 3693 printed pages encompassing testimony of 122 witnesses, 192 depositions and a welter of exhibits, it is our opinion that the findings of fact, vigorously assailed by defendant, and entered below,

must be left undisturbed. This is simply not an instance of where some critical finding, or findings, of fact are clearly erroneous. *United States* v. *United States Gypsum Co.*, 333 U. S. 364, 395 (1948); *United States* v. *Oregon Med. Soc.*, 343 U. S. 326, 339 (1952). Defendant's minute dissection of various findings of fact in the hope of exhibiting deficiencies which would persuade us that the judgment below was the result of the trial judge's unwarranted and unsound diagnosis of the evidence is unavailing when measured by the record and Rule 52, Federal Rules Civil Procedure, 28 U. S. C.: "In all actions tried upon the facts without a jury * * * the court shall find the facts specially and state separately its conclusions of law thereon * * * Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses * * * If an opinion or memorandum of decision is filed, it will be sufficient if the findings of fact and conclusions of law appear therein * * * "

What Judge Lindley, speaking for the panel which heard and decided *Bourose Fabrics Corp.* v. *Rosenstein*, 183 F. 2d 355, 358 (7th Cir., 1950) cogently summarized has an acute application in the case now before us:

> "From the foregoing facts and certain others, some controverted and some undisputed, with which it is unnecessary to belabor this opinion, it seems clear to us that the evidence was of such character and weight as to support the findings and conclusions. We can conceive of no right upon our part to set them aside, for we cannot say, as a matter of law, that they are clearly erroneous. True, with other courts, we have announced that if findings rest upon documents, depositions or upon mere comparison of names, if credibility of witnesses is not involved, or if the trial tribunal has no opportunity to observe the witnesses, a court of review is as well qualified to pass upon the weight of evidence as is the trial

> court, but where, as here, conflicting stories are told by witnesses whose credibility is at stake, we may not supersede the determination of the finder of fact and substitute our judgment for his. It is not a question of whether we would have made the same finding; it is rather a question of whether the evidence substantially and adequately supports it."

Our court, in *Norwich Union Indemnity Co.* v. *Haas*, 179 F. 2d 827, 832 (7th Cir. 1950) laid down these general principles also relevant here:

> "We have considered plaintiff's contention that the findings of the District Court are insufficient. It must be remembered that Rule 52 of Federal Rules of Civil Procedure does not require the trial court to make findings on all the facts presented or to make detailed evidentiary findings; if the findings are sufficient to support the ultimate conclusion of the court they are sufficient. * * *"

The Tenth Circuit expressed a similar view in *Trentman* v. *City And County of Denver, Colo.*, 236 F. 2d 951, 953 (10th Cir. 1956). We hold that the findings before us in this appeal sufficiently disclose the factual basis for the trial judge's ultimate conclusions. The record contains substantial support for those findings of fact. *O'Brien* v. *O'Brien*, 202 F. 2d 254, 255 (7th Cir. 1953), *Woods* v. *Oak Park Chateau Corporation*, 179 F. 2d 611 (7th Cir. 1950). A mature system of law manifests recognition that absolute certainty concerning questions of fact cannot repeatedly be attained in trials of this sort. When practical men investigate the question whether purchasers of trademarked articles are likely to be confused or mistaken as to the source of origin of such goods, the resulting answer is unlikely to be any more than a probability. To be sure the probabilities can be improved, as we point up elsewhere in our opinion. But on the evidence before us the trial judge could only arrive at his conclusions through

inductive reasoning; that is by examining the testimonial instances of customer confusion.

Among the "contested issues" stated in defendant's opening brief is this key one and, its derivative aspects. "1. Whether defendant has infringed trademark rights of plaintiff in the surname 'Staley.' A. Whether plaintiff has acquired [1] the exclusive right to use the surname 'Staley' as a trademark for all human foods and all animal feeds prior to defendant's adoption and use of the surname 'Staley' as its trademark for certain food and feed products. B. Whether defendant has used the surname 'Staley' unfairly and in a manner calculated to pass [2] its products as products of plaintiff." Of course, those quoted lines constitute defendant's version of a major question in the case, and may be fairly assumed to be the critical issue in support of which plaintiff had the burden of producing evidence.

After two months of trial in the district court the following findings of fact, among others, were entered:

8. Neither J. H. Staley nor any member of his family had ever made or sold any product under the trade-mark Staley or Staley's prior to the date of defendant's incorporation in 1925.

9. Plaintiff's business is the processing of corn and soybeans and the manufacture and sale of a variety of products derived therefrom, including food and animal feeds, and the sale of whole grains.

10. In 1912, plaintiff began the manufacture, advertising and sale of food and feeds under the trade-mark Staley's and has continuously manufactured, advertised and sold its principal foods and feeds under the trade-mark Staley's since that date.

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[1] NOTE BY COUNSEL: Brief in Court of Appeals read "had acquired".

[2] NOTE BY COUNSEL: Brief in Court of Appeals read "pass off".

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11. The bags and containers in which plaintiff's feeds have been sold have always had printed thereon the trade-mark Staley's or, if sold in plain bags, have had tags attached thereto bearing said trade-mark.

12. Plaintiff's trade-mark Staley's is generally displayed with a tail on the letter "Y" extending under the other letters of the name, commonly called a paraph. Plaintiff's first use of the paraph was prior to 1921. Plaintiff's first registration of the trade-mark Staley's in 1921 contained the paraph.

13. Since 1912, plaintiff has also used as a trade-mark on its feeds a target or disk design. This trade-mark was registered by plaintiff in 1926.

14. In 1922, plaintiff began processing soybeans and began the production and sale of the products derived therefrom, including foods for human consumption and animal feeds.

15. In 1925, plaintiff began the sale of whole grains, including corn, wheat and oats, under the trade-mark Staley's. Some of these whole grains were sold for livestock feeding.

16. Plaintiff's use of Staley's as a trade-mark for food for human consumption and for animal feeds was long prior to defendant's use of Staley as a trade-mark.

17. When defendant was founded in 1925, under the corporate name Staley Milling Company, plaintiff was using Staley's as a trade-mark for foods and feeds on a national scale.

18. Plaintiff has obtained and now owns fifteen registrations of the trade-mark Staley's in various combinations in the United States Patent Office for its various products including food for human consumption and animal feeds, the first of which was obtained in 1921.

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19. Plaintiff has obtained seventeen registrations in the United States Patent Office of trade-marks which include the syllable "Sta", one of which is Stavite, the first of which was obtained in 1926.

20. Defendant has never used any trade-marks other then [*sic*] Staley which included the syllable "Sta".

21. Defendant, in 1937, registered a mark containing the words "Staley's Record", a part of which it abandoned in 1946.

22. Defendant's first trade-mark for feeds was Four Bells, which it registered in the United States Patent Office in 1925.

23. In addition to the mark "Staleys" Defendant uses various trade-marks for foods and feeds, among which are Four Bells, Pig Mama, Pro-Lass, Hog Uncles, Shur Gain, Dr. Pig, Royal Scot, Blessed Event, Atoms, Drykow, and Alpurpus.

24. From 1912 through 1950, (the last full calendar year before this suit was filed) plaintiff sold its feeds under the trademark, Staley's.

25. From 1912 through 1950, plaintiff's sales of products manufactured from corn and soybean were in excess of 34,000,000,000 pounds, having a value in excess of $1,400,000,000.

26. From 1912 through 1950, plaintiff's feed sales amounted to more than 17,400,000,000 pounds, having a value in excess of $330,000,000.

27. From 1912 through 1950, plaintiff sold in excess of 1,500,000,000 pounds of whole grains.

28. From 1924 through 1950, plaintiff expended in excess of $10,400,000 in advertising its various products, including feeds, most of which were advertised and sold under its trade-mark Staley's, and plaintiff also expended large sums of money in sampling and other forms of pro-

motion in the introduction and sale of its various products, including feeds, under its trade-mark Staley's. Plaintiff has no records of any advertising expenditures prior to 1924.

29. Plaintiff's feeds are and have been at all pertinent times sold and distributed through retail feed dealers for resale to farmers, ranchers and feeders, and are also sold to feed manufacturers.

30. The trade-mark Staley's has identified and has been distinctive of plaintiff's products, both food and feeds, in commerce to the trade and public since 1912.

31. In advertising and selling products from grain, such as starches and syrups, under the trade-mark Staley's, plaintiff has created a widespread secondary meaning for Staley's in connection with grain products generally, including feeds.

32. For many years plaintiff has been, and now is, well and favorably known troughout [*sic*] the United States as a producer of reliable and meritorious products from corn and soybeans advertised and sold under the trademark Staley's.

33. Plaintiff has long been known and commonly referred to as "Staley" or "Staley's" by the trade and general public.

34. Plaintiff has built up, and now has, a large and valuable business in the manufacture and sale of corn and soybean products, including food and feeds, which are identified by the trade-mark Staley's, aggregating many millions of dollars annually, and plaintiff thereby has a valuable good will in said trade-mark.

35. Defendant is engaged in the processing of corn and the manufacture and sale of food for human consumption and feeds for livestock and poultry, most of which are sold and advertised under the trade-mark Staley.

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36. Defendant's feeds are sold and distributed through retail feed dealers for resale to farmers, ranchers and feeders, and are also sold to feed manufacturers.

37. Defendant originally sold its feeds under the trade-mark Four Bells but by a gradual process came to use the name Staley and Staley Feeds on its bags in a fashion very similar to plaintiff's use of the trade-mark Staley's on feeds.

The gradual process consisted of moving the words Staley Milling Company to a position above 4 Bells; then later, instead of using Staley Milling Company above 4 Bells, using Staley alone in script; then later using Staley with a paraph; then using Staley with a paraph and in logotype similar to the paraph and logotype used by plaintiff in its trade-mark Staley's; and then later, by adding a red disk design in some respects similar to the disk or target design used by plaintiff and using it as a background for Staley on its bags and containers. These changes took place between the years 1925 and 1946.

38. It does not appear that plaintiff knew of or acquiesced in any of these changes.

39. During the period in which these changes were made, defendant subordinated its corporate name while giving increased prominence to Staley as a trade-mark.

40. In 1949, defendant applied for a license to do business in the State of Illinois. About this time, defendant distributed fans at the Illinois State Fair and placed road signs within a radius of forty miles of plaintiff's plant each bearing the words Staley Feeds, without displaying its corporate name thereon.

41. Defendant's use of Staley and Staley's on and in connection with its products has constituted a "progressive encroachment" upon plaintiff's use of and rights in the trade-mark Staley's.

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42. At least as early as 1934, defendant had actual notice of plaintiff's use of Staley's as a trade-mark for feeds.

43. It was in 1934 that defendant began buying plaintiff's feed in bags bearing the trade-mark Staley's at the top of the bag and bearing the red target or disk design.

44. Defendant's expenditures and investments since 1934 have been made with full knowledge that plaintiff was using the trade-mark Staley's on feeds.

45. Plaintiff's first knowledge of the wide extent of defendant's use of Staley or Staley's as a trade-mark for its products was in 1949 shortly after defendant sought plaintiff's consent to qualify to do business in the State of Illinois, at which time plaintiff objected to said use.

46. Defendant's operations were small in the early years.

47. In later years, its sales were concentrated largely in Kansas and Missouri.

48. The evidence does not disclose that plaintiff has ever purchased any of defendant's products.

49. Defendant's invasion of plaintiff's field was of a gradual or progressive character.

50. Plaintiff's relationship with defendant for several years, including the sale of soybean oil meal to defendant, was not sufficient to charge plaintiff with notice of defendant's use of the trade-mark Staley or Staley's.

51. Plaintiff, when it sold soybean oil meal to defendant, was not chargeable with notice that defendant was using Staley as a trade-mark on any of its products.

52. Substantially one half of defendant's total advertising expenditures were made after plaintiff's objection to defendant's use of Staley as a trade-mark in 1949.

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53. A large part of defendant's total advertising expenditures were incurred after this suit was filed in 1951.

54. Plaintiff never consented to defendant's use of Staley as a trade-mark.

55. Defendant, in adopting and using the trade-mark Staley, did not reply [*sic*] on any act or omission of plaintiff.

56. Plaintiff's feed products are and always have been in the same field and competitive with defendant's feed products, notwithstanding the fact that a large part of plaintiff's feed products have been sold without the mixing of ingredients and a large part of defendant's feed products have been sold after the mixing of ingredients.

57. Both parties are in many respects in the same business.

58. Both parties have processed and do process corn.

59. Both parties have made and do make food products for human consumption from corn.

60. Both parties have sold and do sell food products to wholesale and retail grocers.

61. Both parties have made and do make brewers grits.

62. Both parties have made and do make corn oil.

63. Both parties have made and do make feeds for livestock and poultry.

64. Both parties have made and do make feed containing but a single ingredient.

65. Both parties have made and do make multi-ingredient feeds.

66. Both parties have made and do make feeds which are fed "straight", that is, in the form in which the feeds

are made and without being supplemented by or mixed with other feeds.

67. Both parties have made and do make feeds which are fed as supplements to other feeds.

68. Both parties have sold and do sell whole grains.

69. Both parties have made and do make feeds used as ingredients in other feeds.

70. The respective customers of both parties have used and do use the respective feeds of both parties for custom mixing.

71. Both parties have made and do make feeds to meet special nutritional needs.

72. Both parties have sold and do sell feeds to ranchers and farmers for mixing with other feedstuffs, and also to feed manufacturers.

73. Both parties have sold and do sell feeds to dealers for sale to farmers, feeders and ranchers.

74. The feeds of both parties have been sold and are sold in retail feed stores.

75. Both parties have sold and do sell their feeds in bags or sacks.

76. Both parties have sold and do sell their feeds in bulk.

77. Both parties have sold and do sell their feeds in printed bags.

78. Both parties have sold and do sell their feeds in plain bags with tags attached.

79. The feeds of both parties have been and are fed by farmers and feeders in self-feeders along with home-grown grain.

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80. Both parties have advertised and do advertise their feeds in farm newspapers, farm journals, and by circulars, direct mail and point-of-sale posters and placards.

81. Both parties compete in the sale of their feeds for the farmer's dollar.

82. When plaintiff began the manufacture of feeds in 1912, most feeds purchased by farmers were unmixed or single-ingredient feeds. In recent years, the trend has been to multiple-ingredient feeds, and plaintiff expanded its line of feeds to include more of such multiple-ingredient feeds.

83. The feeds of both parties are subject to registration and to inspection by the Departments of Agriculture of the respective states in which they are sold.

84. The feeds of both parties have been progressively developed and improved.

85. Both parties have from time to time expanded their line of feeds.

86. The use by defendant of the trade-mark Staley on foods and feeds has caused confusion and mistake and has deceived purchasers as to the source of origin of such products.

87. Farmers and feeders have bought defendant's feeds believing them to be plaintiff's feeds.

88. Dealers have handled defendant's feeds believing them to be plaintiff's feeds.

89. It is frequently assumed by the trade and public that plaintiff and defendant are either identical or that defendant is a subsidiary of plaintiff or that defendant's plant in Kansas City, Missouri, is a branch plant of plaintiff or that defendant and plaintiff are in some manner connected or affiliated.

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90. Feeds, whether mixed or unmixed, are products which the public naturally expects a processor of corn and soybeans to produce.

91. The use by defendant of the trade-mark Staley on foods and feeds is likely to cause confusion and mistake and to deceive purchasers and potential purchasers as to the source of origin of such products.

92. The use by defendant of other trade-marks, such as 4 Bells and Pig Mama, along with Staley does not distinguish defendant's products from plaintiff's products sold under the trade-mark Staley's.

93. The use of the identical trade-mark Staley by both parties on kindred products is inevitably and necessarily deceptive and confusing.

94. The natural and probable result of defendant's use of the trade-mark Staley was to lead the public to purchase defendant's goods in the belief that they were the goods of plaintiff.

95. Such specific differences as may exist between the goods of the parties hereto are not sufficient to prevent confusion of the trade and public when Staley and Staley's are used as trade-marks on or in connection with such goods.

96. The use by defendant of the identical trade-mark Staley on its products indicates an intent to appropriate plaintiff's good will in its trade-mark and to use it unfairly in competition with plaintiff.

97. Plaintiff is the rightful owner of the name Staley's as a trade-mark for food for human consumption and for livestock and poultry feeds and is entitled to the exclusive use of said trade-mark for said products.

98. There is no evidence of any third-party usage of Staley or Staley's as a trade-mark, or part of a trade name, for food or feeds.

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99. Defendant's infringement of plaintiff's trade-mark rights was intentional, progressive and wrongful.

100. There is a public interest involved in this action.

101. The public has an interest in being protected against confusion and likelihood of confusion, caused by defendant's use of Staley as a trade-mark for foods and feeds.

Our alertness to the social values in and functions of trademarks flows from and parallels the dual purposes of the trademark statute recognized by the Congressional Committees, who reported on the Lanham Trade-Mark Act July 5th, 1946, 60 Stat. 427, 15 U. S. C. §§ 1051-1057: "The purpose underlying any trade-mark statute is twofold; one is to protect the public so it maybe confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner. * * *" U. S. Code Cong. Service, 1274 (1946).

Congress, through legislation now familiarly known as the Lanham Act, supplied a remedy and provided, *inter alia*:

> "Sec. 32.(1) Any person who shall, in commerce, (a) use, without the consent of the registrant, any reproduction, counterfeit, copy or colorable imitation of any registered mark in connection with the sale, offering for sale, or advertising of any goods or services on or in connection with which such use *is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods or services;* or (b) reproduce, counterfeit, copy, or colorably imitate any such mark and apply such reproduction, counterfeit, copy, or colorable imita-

> tion of labels, signs, prints, packages, wrappers, receptacles, or advertisements intended to be used upon or in connection with the sale in commerce of such goods or services, shall be liable to a civil action by the registrant for any or all of the remedies hereinafter provided * * * [referring to subsequent sections, and for example, injunctive relief.]" (Italics supplied)

For roughly 18 years defendant sold some of its products to the plaintiff [1] and during that period (as well as before) "Staley" was, and for that matter still is, an integral part of their respective corporate names. In the beginning defendant used the trademark "Four Bells" on its feeds and as time ran on the name "Staley" and "Staley's Feeds" moved into focus on defendant's containers. When plaintiff commenced this action, defendant responded with the defense of estoppel and a counterclaim alleging that the two corporations had always been in separate fields. That is, defendant mentally sorts out its business and plaintiff's by simply saying the latter was in the business of processing corn and soybeans from which plaintiff produced starches, syrups, oils, and "certain by-products primarily sold as ingredients to manufacturers of mixed feeds." On the other hand, defendant has always manufactured and sold mixed feeds or formula feeds. But defendant's reasoning runs afoul of the Lanham Act and the theories discussed in cases such as *Pure Foods* v. *Minute Maid Corp.*, 214 F. 2d 792, 796 (5th Cir. 1954), where the Fifth Circuit reports that the Act adopts principles stated in ALI Restatement of the Law of Torts, Vol. 3, § 730.

We think the trial court penetrated the superficialities of defendant's position on the nature of the businesses and goods of these litigants, during the course of his "Memorandum," when he observed:

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[1] NOTE BY COUNSEL: The roles of the parties are here reversed. See statement in memorandum of District Court (App. 12a), and Finding 43 as cited by Court of Appeals (App. 22a).

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"It has seemed to me that the decision here must turn largely upon whether Plaintiff and Defendant, in their respective feed lines, are in the same or separate fields. If they are in the same field then Plaintiff was the first to adopt and use the name 'Staley' as a trade-mark and Defendant's use should be enjoined unless Plaintiff by its conduct is estopped to challenge defendant's use. If they are in separate fields then defendant is entitled to the use of the name for its mixed feeds and Plaintiff's use should be enjoined as to mixed or formula feeds.

"The Conclusion I have reached on this question is that the 'separate fields' theory is too tenuous a one to be adopted by the Court. It would require too fine a distinction to hold that because a large part of Plaintiff's feed products were sold without the mixing of ingredients and a large part of defendant's feed products were sold after the mixing of ingredients that they thus became and were in different fields and non-competitive. While in the beginning of its corporate existence Plaintiff's principal products were starches and syrups, it early began the manufacture and sale of feeds for livestock and poultry, and in my judgment has been in a competitive field with defendant since defendant's incorporation in 1925."

Grounding its amended complaint, filed November 27, 1951, on the Act, plaintiff sought to enjoin the defendant from using STALEY or STALEY'S and a target or disk design as trademarks for food for human consumption and for stock feeds. Both parties in this trademark and unfair competition suit claim the right to and exclusive use of the name and trademark "STALEY" in connection with mixed feeds for livestock and poultry. A. E. Staley Manufacturing Company, of Decatur, Illinois, the plaintiff, was founded by, and incorporated in 1906, by A. E. Staley. Defendant Staley Milling Company, a Missouri corporation, was incorporated in 1925 and L. H. Staley (unrelated to A. E. Staley) was one of its incorporators. Plaintiff holds: (a) fifteen federal registrations of its trademark

STALEY'S for various products, including food for human consumption and animal feeds, the first of which was obtained in 1921; (b) seventeen federal registrations of trademarks which include the syllable "STA," for various products, the first of which was obtained in 1926; and (c) registration of its target or disk design for stock feed, obtained in 1926. Here again, there are several relevant provisions in the Act:

> "Sec. 33. (a) Any certificate of registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be *prima facie* evidence of registrant's exclusive right to use the registered mark in commerce on the goods or services specified in the certificate subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered.
>
> "(b) If the right to use the registered mark has become incontestable under section 15 hereof, the certificate shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the certificate subject to any conditions or limitations stated therein except when one of the following defenses or defects is established: * * *
>
> "(3) That the registered mark has been assigned and is being used, by or with the permission of the assignee, so as to misrepresent the source of the goods or services in connection with which the mark is used; or
>
> "(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party's individual name in his own business, or of the individual

name of anyone in privity with such party, or of a term or device which is descriptive of any used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; or

"(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party or those in privity with him from a date prior to the publication of the registered mark under subsection (a) or (c) of section 12 of this Act: *Provided, however,* That this defense or defect shall apply only for the area in which such continuous prior use is proved.

"(6) That the mark whose use is charged as an infringement was registered and used prior to the publication under subsection (a) or (c) of section 12 of this Act of the registered mark of the registrant, and not abandoned: *Provided, however,* That this defense or defect shall apply only where the said mark has been published pursuant to subsection (c) of section 12 and shall apply only for the area in which the mark was used prior to the date of publication of the registrant's mark under subsection (a) or (c) of this Act. * * *"

The counter claim was dismissed, no accounting was decreed, defendant was not enjoined from using the target or disk design, both parties are permitted to continue use of their respective corporate names and, the extent of the restraint imposed on defendant is as follows:

"1. That the defendant, its officers, agents, servants, employees, successors, and assigns, and all persons holding or acting by, through, or under it, be and the same are hereby perpetually enjoined and restrained from:

(a) Using the name Staley or Staley's or Staley Feeds or Staley's Feeds as a trade-mark for food for human consumption or for livestock or

poultry feeds or from using a colorable imitation thereof.

(b) Emphasizing the name Staley over the other words of defendant's corporate name.

(c) Doing any act or thing likely to confuse the public in relation to the identity of plaintiff's and defendant's products."

Several conclusions of law were entered below and among them are these: "27. Defendant's use of Staley as a trade-mark for its product constitutes an infringement of plaintiff's common law and federally registered trade-mark Staley's; 28. Defendant's use of Staley or Staley's as a trade-mark constitutes unfair competition with plaintiff."

"The ultimate determination of consumer confusion is a question of fact," *G. D. Searle & Co.* v. *Chas. Pfizer & Co.*, 231 F. 2d 316, 318 (7th Cir. 1956). Confronted with the statutory words "likely to cause confusion" in § 32, defendant, in its reply brief, at pp. 15-16 tells us: "Defendant does not contest the proposition that likelihood of confusion is the test of infringement in ordinary cases such as those cited by plaintiff, from which the essential elements of the present case are absent." What seems to make this case extraordinary according to the defendant is that: (1) for 26 years plaintiff was unaware of such confusion, (2) the testimony of witnesses regarding confusion lacked probative value and, (3) defendant's survey of 1,084 farmers was ignored by the trial judge. But it is our considered judgment that both plaintiff and defendant have understated, overstated, and misstated the evidence traced on this record. Neither side conducted a survey which could be classed as scientific under modern statistical methodology. Though the technical field of statistical surveys by the sampling method was undiscussed in the briefs before us, the subject is hardly an obscure one.

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For example see Barksdale, The Use Of Survey Research Findings As Legal Evidence (1957); Deming, Some Theory Of Sampling (1950); Deming, On The Contributions Of Standards Of Sampling To Legal Evidence And Accounting, Current Business Studies 14-32 (Oct. 1954); Public Opinion Surveys As Evidence: The Pollsters Go To Court, 66 Harv. L. Rev. 498 (1953) Sylvester, Consumer Polls As Evidence In Unfair Trade Cases, 20 Geo. Wash. L. Rev. 211 (1951); Waterbury, Opinion Surveys In Civil Litigation 44 Trade Mark Reporter 343 (1954). "It may well be that an accurate estimate of public opinion or practice can be obtained by a sampling process or survey, but the record is devoid of information on this subject and in the absence of the proof of the scientific principles, if any, which underlie the practice, we must rely upon the impressions which the advertisements would be likely to make upon the mind of a man of ordinary intelligence." *Bristol-Meyers Co.* v. *Federal Trade Commission*, 185 F. 2d 58, 60 (4th Cir. 1950). *Sears, Roebuck and Co.* v. *Johnson*, 219 F. 2d 590 (3rd Cir. 1955), *United States* v. *88 Cases, etc.*, 187 F. 2d 967 (3rd Cir. 1951); *Household Finance Corporation* v. *Federal Finance Corporation*, 105 F. Supp. 164 (D. C. Ariz. 1952) discussed in 17 J. Marketing 289 (1953), *International Milling Co.* v. *Robin Hood Popcorn Co.*, 110 U. S. P. Q. 368 (1956), *S. C. Johnson & Co., Inc.* v. *Gold Seal Co.*, 40 T. M. Rep. 349 (1950).

To maintain its burden of proof on the issue of confusion or likelihood of confusion plaintiff and defendant offered testimony of numerous purchasers and prospective purchasers. Indeed this class of evidence accounts for the bulk of the record. The short of all this is that defendant contends its consumer witnesses outweigh those of plaintiff, in quality and quantity. Yet elementary as it is we again point out that weight and credibility are matters for the district judge trying a case without a jury. Even though some of the evidence was introduced through dep-

ositions we found nothing in them impelling a different view of the facts than the one taken below. *Square D-Company* v. *Sorenson*, 224 F. 2d 61 (7th Cir. 1955).

Our own observations of the numerous sacks, signs and bags brought here as exhibits, verified the district judge's conclusions on the issue of "confusion." Only the most discerning, discriminating and determined customer, among brand conscious consumers, could avert mistaking Missouri Staley for Illinois Staley among the products involved. Defendant's own thesis about its heavy advertising expenditures demonstrates the extensive saturation of consumers with virulent confusion of trademarks. It is unnecessary, and costly, to reproduce the myriad cuts and photographs forming part of the record, lurking in the briefs and bound separately as books of exhibits.

What Mr. Justice Frankfurter wrote in the majority opinion of a divided court, reported as *Mishawaka Mfg. Co.* v. *Kresge Co.*, 316 U. S. 203, 205 (1942) has particular significance in the case before us, though written about fifteen years ago, for it epitomizes the legal rationale underlying trade-mark legislation:

> "The protection of trade-marks is the law's recognition of psychological function of symbols. If it is true that we live by symbols, it is no less true that we purchase goods by them. A trade-mark is a merchandising short-cut which induces a purchaser to select what he wants, or what he has been led to believe he wants. The owner of a mark exploits this human propensity by making every effort to impregnate the atmosphere of the market with the drawing power of a congenial symbol. Whatever the means employed, the aim is the same—to convey through the mark, in the minds of potential customers, the desirability of the commodity upon which it appears. Once this is attained, the trade-mark owner has something of value. If another poaches upon the commercial magnetism of the symbol he has created, the owner can obtain legal redress. • • •"

Appendix C

Only a word or two need be said when rejecting defendant's arguments concerning its defense of estoppel for we think the trial judge's Memorandum, quoted here in relevant part, disclosed a sound grasp and clear view of this case:

> "While it may be thought that Plaintiff's relationship with Defendant for several years, including the sale of soy bean oil meal to Defendant, was sufficient to charge the Plaintiff with notice of Defendant's use of the trade mark in question, yet the Defendant's operations were small in the earlier years, and its invasion of the field claimed by Plaintiff for its mark was of such a gradual or progressive character that I am inclined to the view that Plaintiff should not be barred from injunctive relief by reason of laches or by virtue of estoppel. I am of the opinion, however, that Plaintiff is not entitled to an accounting, but a public interest exists that should be protected—a right of the public not to be confronted on all sides with confusion or the likelihood thereof."

We would add Mr. Justice Stone's admonition from *Scott Paper Co.* v. *Marcalus Co.*, 326 U. S. 249, 257 (1945): "For no more than private contract can estoppel be the means of successfully avoiding the requirements of legislation enacted for the protection of a public interest.[2] Also see *Independent Nail & Pack. Co.* v. *Stronghold Screw Prod.*, 205 F. 2d 921 (7th Cir. 1953). The elements of estoppel, absent here, are itemized in *Parker* v. *Sager*, 174 F. 2d 657, 660 (D. C. Cir. 1949).

Independent Nail & Pack. Co. v. *Stronghold Screw Prod.*, 205 F. 2d 921 (7th Cir. 1953) is heavily relied upon by plaintiff and defendant thinks it inapposite, consequently irrelevant. Both sides apparently overlooked this court's subsequent opinions in the same case. In the opinion reported as *Independent Nail & Packing Co.* v.

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[2] NOTE BY COUNSEL: Quotation should close here.

Appendix C

Perry, 214 F. 2d 670, 671 (7th Cir. 1954), when our court issued a writ of mandamus directed to the trial court, Judge Duffy described the initial *Independent Nail & Pack. Co.* case, stressing the fact that: "In 1946, which was twelve years after plaintiff had widely advertised its products under the trade-mark 'Stronghold,' defendant changed its corporate name to Stronghold Screw, Inc.," and quoting from the first opinion, our Chief Judge also stated: "Defendant adopted its logotype emphasizing the word 'Stronghold' with full knowledge of plaintiff's trade-mark which featured the same word. It did so at its peril." (214 F. 2d 670, 671; 205 F. 2d 921, 925). When the second appeal came before our court, Chief Judge Duffy again wrote the opinion reported as *Independent Nail & Pack. Co.* v. *Stronghold Screw Prod.*, 215 F. 2d 434 (7th Cir. 1954) in which the following cites and quotes appear:

> "In *Northam Warren Corp.* v. *Universal Cosmetic Co.*, 7th Cir., 18 F. 2d 774, this court said, at page 775: 'One entering a field of endeavor already occupied by another should, in the selection of a trade-name or trade-mark, keep far enough away to avoid all possible confusion.' In *Weiner* v. *National Tinsel Mfg. Co.*, D. C., 35 F. Supp. 771, 772, the court said: 'The late comer in such an established field is under a special duty to avoid confusion.' This court also said in the *Northam Warren* opinion, *supra*: 'Whether there is an infringement of a trade-mark does not depend upon the use of identical words, nor on the question as to whether they are so similar that a person looking at one would be deceived into the belief that it was the other; but it is sufficient if one adopts a trade-name or a trade-mark so like another in form, spelling, or sound that one, with a not very definite or clear recollection as to the real trade-mark, is likely to become confused or misled.' "

One of the critical factors in the case now before us for decision might be cast in terms of who is the late-comer,

plaintiff or defendant, in the feed field. "Staley" is the first name in the legal corporate name of each litigant, as we have already mentioned. But the district judge found as a fact that "Plaintiff's use of Staley's as a trademark for human consumption and for animal feeds was long prior to defendant's use of Staley as a trade-mark." Defendant is, then, the late-comer and what we have pointed up from our opinion in *Northam Warren Corp., supra,* again has pertinency. Indeed in his testimony, Thomas W. Staley, defendant's treasurer, general manager and assistant secretary, said *inter alia:*

> "Mr. Miller: Q. Now, up until the time you started using the name Staley on hog and pig feeds in 1934, you had sold those feeds under the brand name 4 Bells, hadn't you?
>
> A. Well, we show in our answers and these were checked as carefully as possible, pig and hog feed sold under the 4 Bells trademark in 1925 to about 1930. And we show pig and hog feeds sold under the name Shurgain at least as early as 1927.
>
> Q. Those were the only trademarks you used prior to 1934 when you adopted Staley's, were they not?
>
> Mr. Martin: For what product?
>
> Mr. Miller: Pig and hog feed.
>
> The Witness: Excepting as we used our corporate name as a part of our label."

Defendant's legal position did not improve when we examined all the other points discussed in its brief. The result is that the judgment appealed must be affirmed.

JUDGMENT AFFIRMED.

APPENDIX D

(Judgment of United States District Court and Order of Amendment)

IN THE

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF ILLINOIS

SOUTHERN DIVISION

Civil Action No. 1291

—o—

A. E. STALEY MANUFACTURING COMPANY,
a corporation,

Plaintiff,

vs.

STALEY MILLING COMPANY, a corporation,

Defendant.

—o—

FINAL JUDGMENT

This action having been tried before the court, argued, and submitted, and upon consideration of the evidence adduced by the parties and the court having filed a memorandum opinion and having entered Findings of Fact and Conclusions of Law, and in accordance therewith, IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

1. That the defendant, its officers, agents, servants, employees, successors, and assigns, and all persons holding or acting by, through, or under it, be and the same are hereby perpetually enjoined and restrained from:

(a) Using the name STALEY or STALEY'S or STALEY FEEDS or STALEY'S FEEDS as a trade-mark for food for human consumption or for

livestock or poultry feeds or from using a colorable imitation thereof.

(b) Emphasizing the name STALEY over the other words of defendant's corporate name.

(c) Doing any act or thing likely to confuse the public in relation to the identity of plaintiff's and defendant's products.

2. That defendant's counterclaim be and is hereby dismissed.

3. No accounting is decreed.

4. That the plaintiff have and recover from the defendant its taxable costs of this action.

5. That this judgment and decree become effective thirty days from this date.

CHAS. G. BRIGGLE
United States District Judge

Dated: This 18 day of March, 1955.

ORDER AMENDING FINAL JUDGMENT

This matter having come before the Court on motion of the Defendant,

IT HEREBY IS ORDERED that the Final Judgment in this cause dated March 18, 1955 be amended by striking paragraph number 5 thereof and by adding in lieu thereof a new paragraph number 5 to read as follows:

"5. That the injunction provided for by this judgment be and the same hereby is stayed to and including April 19, 1955."

s/ CHARLES G. BRIGGLE
United States District Judge

Dated: This 7th day of April, 1955.

APPENDIX E

(Judgment of United States Court of Appeals for the Seventh Circuit)

UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

Chicago 10, Illinois

Thursday, March 13, 1958

Before:

HON. PHILIP J. FINNEGAN, *Circuit Judge,*
HON. ELMER J. SCHNACKENBERG, *Circuit Judge,*
HON. W. LYNN PARKINSON, *Circuit Judge.*

No. 11514

Appeal from the United States District Court for the Southern District of Illinois, Southern Division

———o———

A. E. STALEY MANUFACTURING CO.,
Plaintiff-Appellee,

vs.

STALEY MILLING COMPANY,
Defendant-Appellant.

———o———

This cause came on to be heard on the transcript of the record from the United States District Court for the Southern District of Illinois, Southern Division, and was argued by counsel.

On consideration whereof, it is ordered and adjudged by this Court that the judgment of the said District Court in this cause appealed from be, and the same is hereby, affirmed with costs.

Office - Supreme Court, U.S.
FILED
JUN 11 1958
JOHN T. FEY, Clerk

IN THE

Supreme Court of the United States

October Term, 1957

No. 1000

STALEY MILLING COMPANY,
Petitioner,

v.

A. E. STALEY MANUFACTURING COMPANY,
Respondent.

REPLY BRIEF OF PETITIONER IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

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Abbreviations and Designations

(R.)	Reference to a page of the printed record of proceedings and testimony.
(D. Ex.)	Reference to an exhibit of defendant.
(D. Bk. Ex.)	Reference to a page in the defendant's book of exhibits filed by Petitioner in the Court of Appeals and filed with the Petition herein.
(Pet.)	Reference to a page in the Petition for Certiorari, sometimes followed by "App." indicating reference to a page in the appendix to the Petition.
(Mem. Dec.)	Reference to the Memorandum for Counsel filed by the District Court and reproduced in Appendix B to the Petition.
(R. Br.)	Reference to a page in brief for respondent.

IN THE

Supreme Court of the United States

October Term, 1957

No. 1000

STALEY MILLING COMPANY,

Petitioner,

v.

A. E. STALEY MANUFACTURING COMPANY,

Respondent.

REPLY BRIEF OF PETITIONER IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

To the Honorable the Chief Justice of the United States and the Associate Justices of the Supreme Court of the United States:

I. Introduction.

Respondent's brief does not specifically discuss or rebut the reasons relied on by petitioner for granting a writ of certiorari (Pet. pp. 13-31). Instead, it takes up one by one the questions to be presented to the Court upon the review of the decision below (Pet. pp. 2-4), and argues their merits.

As required by Rule 23, we included in the petition a statement of the questions to be presented on review, but did not attempt to brief the facts and law supporting petitioner's position with respect to the merits of the case. We shall not undertake to do so here, but shall discuss such parts of respondent's brief as have some bearing on the reasons relied on for granting the writ.

II. Respondent's Brief in Effect Rewrites the Decision of the Court of Appeals Both as to Law and as to Facts.

Respondent's brief seems to argue that the Court of Appeals could not have misapplied or misconstrued The Lanham Trade-Mark Act of July 5, 1946 (15 U. S. C. A. 1051-1127, 1051 Note; 60 Stat. 427 *et seq.*) or given it *ex post facto* effect because the Act, as properly applied and construed, does not permit this. It argues (p. 9) that the Act is but a codification of the common law; that the saving language of Section 49 precludes its use adversely to affect existing rights acquired in good faith (pp. 10, 17, 20, 21); that it is not the statute but the use of a trademark which gives rise to rights in it (p. 16); that the remedy invoked by the statute is a development of the common law (p. 16); and that trademark rights are founded upon use and do not depend upon registration (p. 20). We are in accord with all these propositions and with the general proposition that the rights of the parties must be determined according to the common law of trademarks and the principles of equity.

If the Court of Appeals had recognized the true nature of the Lanham Act and realized that, as respondent concedes, the Act is merely declaratory of common law principles in all pertinent respects, it would have followed those principles and there would be no occasion for the present petition.

Respondent's main thesis seems to be that the decision below is not based on the Lanham Act and hence does not involve any unsettled questions regarding its construction or application. To this end respondent explains that the Court of Appeals did not mean what it said. One illustration of this is respondent's comment on the following statement in the decision (Pet. App. C, p. 28a):

> "But defendant's reasoning runs afoul of the Lanham Act and the theories discussed in cases such as *Pure Foods* v. *Minute Maid Corp.*, 214 F. 2d 792, 796 * * *."

Respondent argues (R. Br. pp. 21-22) that in making this statement the Court of Appeals did not really mean to refer either to the Lanham Act or to the *Pure Foods* case or to any other case decided under the Lanham Act. What the Court of Appeals actually intended, according to respondent, was to refer to *Aunt Jemima Mills Co.* v. *Rigney & Co.*, 247 Fed. 407 (C. C. A. 2, 1917) which was decided 30 years before the Lanham Act went into effect and which is not cited anywhere in either of the decisions of the Courts below.

Similarly, respondent argues (R. Br. p. 17) that when the Court of Appeals said "Grounding its amended complaint * * * on the Act, * * * plaintiff sought to enjoin the defendant * * * ", the Court "obviously" meant to say that respondent was seeking to enforce common law rights preserved to it by the Act, and that the Court was not undertaking to interpret the Act.

However, the decision as written by the Court of Appeals clearly rests upon the statute and upon the supposition that the statute outlaws and eliminates the defense of estoppel.

The Court's reliance on the statute is demonstrated by the quotation from the Congressional Committee Report; extensive quotations of the text of the Act, particularly the italicized language of Section 32(1) relating to the likelihood of confusion or deception of purchasers; the statement " * * * defendant's reasoning runs afoul of the Lanham Act * * * "; the reference to the amended complaint as being grounded on the Act; the Court's reliance on respondent's registrations; and the reference to "the statutory words 'likely to cause confusion' " (Pet. App. C, pp. 27a, 28a, 29a-30a, 32a).

Perhaps even more significant is the Court's statement that its alertness to the social values and functions of trademarks "flows from and parallels the dual purposes of the trademark statute * * * " (Pet. App. C, p. 27a).

That the Court viewed the Act as legislation intended to protect a public interest but not concerned with the preservation of pre-existing private rights is further emphasized by the Court's failure to consider or even refer to the provisions in the Act specifically directed to the preservation of such rights.

What the Court of Appeals held was that since one of the purposes of the Lanham Act is the protection of a public interest, the equitable defense of estoppel can be of no avail. This is clear from its adoption (Pet. App. C, p. 35a) of the following statement by Mr. Justice Stone in *Scott Paper Co.* v. *Marcalus Co.*, 326 U. S. 249, 257:

> "For no more than private contract can estoppel be the means of successfully avoiding the requirements of legislation enacted for the protection of a a public interest."

The inapplicability of this statement to the Lanham Act is clear from Section 33(a) which preserves any legal or equitable defense which might have been asserted if the mark had not been registered (Pet. App. A, p. 5a); Section 34 which empowers the courts to grant injunctions "according to the principles of equity" (Pet. App. A, p. 6a); and Section 49 which provides that nothing in the Act shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effective date of the Act (Pet. App. A, p. 8a).

Respondent seeks to eliminate the Lanham Act from consideration here by substituting its own legal theory for that of the Court of Appeals and, despite its insistence on the adequacy of the Findings of Fact (R. Br., pp. 14-16), respondent has found it necessary to support its legal theory of the decision with so-called "findings" which actually were never made by either Court below.

Respondent's brief stresses as of the utmost importance the question of when it was that respondent first had knowl-

edge of petitioner's use of its trademark "Staley". In respondent's brief there are six unequivocal statements to the effect that the District Court, or both Courts, *found* that respondent's earliest knowledge of petitioner's use of its trademark was in 1949 (R. Br. pp. 12, 13, 15, 22, 25, 30). A seventh statement is simply a declaration that "respondent had no knowledge of its use" (R. Br. p. 11). In connection with three of these statements there are references to Finding 45 (R. Br. 13, 22, 25) and there also are two references to Finding 38 (R. Br. 22, 25). Neither of these is a finding of first notice in 1949. To the contrary these findings necessarily imply respondent's earlier familiarity with the use of "Staley" by petitioner. Finding 45 (R. 3670, Pet. App. C, p. 22a) names 1949 as the year when respondent first had knowledge of *the wide extent* of petitioner's use of "Staley" as a trademark, and Finding 38 (R. 3669, Pet. App. C, p. 21a) states that "it does not appear" that respondent knew of or acquiesced in certain *changes* in the manner of petitioner's use of "Staley".

Actually, neither Court below made any finding as to when respondent did first acquire knowledge of petitioner's use of "Staley". The so-called "findings" of first notice in 1949 have been invented by respondent as the main basis for disposing of the defenses of estoppel and acquiescence (R. Br. pp. 11, 12, 13, 15, 22) and for distinguishing (R. Br. p. 25) decisions of this Court and decisions in other Circuits with which the decision of the Court of Appeals plainly is in conflict (Pet. pp. 15-21). These so-called "findings" fabricated by respondent are even made a basis for respondent's charge that petitioner made "gross misstatements of fact" (R. Br. p. 30).

Respondent's brief also contains four unequivocal statements that the District Court, or both Courts below, *found* as a matter of fact that respondent had not acquiesced in petitioner's use of the trademark "Staley" (R. Br. pp. 10,

4th par.; 12, 1st par.; 12, 3rd par.; 30, 2nd par.). No finding is cited in support of any of these statements for the obvious reason that there is no such finding. Indeed, a contrary finding is indicated by the District Court's Memorandum Decision (Pet App. B, p. 12a) stating why respondent was not entitled to an accounting.

Respondent's attempt to supply findings which are needed to sustain the ultimate conclusion that respondent is not barred by reason of laches, acquiescence or estoppel and that petitioner had not established its affirmative defenses (Concl. 23, 24, R. 3675; Memorandum Decision, Pet. App. B, pp. 10a-11a), merely confirms petitioner's contention that the Court of Appeals could not know how the issues of laches, acquiescence and estoppel had been resolved by the District Court (Pet. pp. 15-16) and that the lack of adequate findings is a reason for granting the writ (Pet. pp. 21-23).

The inadequacy of the findings affects the decision not only on laches, acquiescence and estoppel but on all the major issues of the case (Pet. p. 21). Even the obviously important date of first trademark use of "Staley" by petitioner appears nowhere in the findings nor in the decision of either Court. Respondent does not undertake to supply this omission though the record shows use by petitioner with proof by public documents at least as early as 1926 (*infra*, p. 13).

Respondent's brief states that "both Courts below found that petitioner had not at any time built up or acquired rights in the trademark STALEY's" (R. Br. p. 10) and there are other statements to similar effect (R. Br. pp. 3, 9). This is another so-called "finding" which was not made by either Court below. Furthermore, it is a question of law and the conclusion of the District Court that in 1934 petitioner's use of "Staley" as a trademark first became wrongful implies a previous rightful use.

Since Section 49 of the Lanham Act (Pet. App. A, p. 8a) provides that "Nothing herein shall adversely affect the rights or the enforcement of rights in marks acquired in good faith prior to the effective date of this Act", the effective date of the Act being July 5, 1947 (Pet. App. A, p. 7a), it would seem elementary that the provisions of the Act cannot properly be applied so as to adversely affect any rights of petitioner in its trademark "Staley" for its products, the use of which began in 1925.

In support of its argument that petitioner never acquired any rights in the trademark respondent argues (R. Br. p. 3) that the question whether petitioner did or did not acquire such rights is a question of fact which can be determined only by the trier of the facts, and that the trier of the facts determined the question in the negative. We submit that respondent is wrong on both counts.

In the first place, the question whether, under the facts of the case, petitioner did or did not acquire trademark rights, is a question of law subject to review by the Appellate Courts, and is one of the important questions of law in this case which were erroneously decided by the Court of Appeals through the misapplication of the Lanham Act.

In the second place, the District Court did not decide that petitioner had never acquired rights in "Staley" as a trademark. On the contrary, the decision indicates clearly that the Court regarded petitioner's original use as a rightful use of a mark acquired in good faith, and the undisputed facts make it impossible to presume a holding by the District Court that petitioner's original use of its mark beginning in 1925 was made wrongfully or in bad faith.

The mark, "Staley", is the surname of the founder of petitioner's business, which has been actively operated by the founder J. H. Staley and his son, Thomas W. Staley, from its beginning in 1925. The undisputed testimony shows that the name was adopted because of Mr. J. H. Staley's reputation in the milling and mixed feed

business (R. 1921-22) and that petitioner's first notice of the use of the mark by respondent was nine years later when respondent began to sell feed ingredients to petitioner in 1934 (R. 1947, 2408-09, 2503). By that time petitioner had built up a very substantial business in the manufacture and sale of corn meal and of a complete line of formulated feeds for cattle, poultry and swine under the trademark "Staley" (R. 1922-47; D. Ex. 232, D. Bk. Ex. 34, R. 2146; D. Ex. 233A, D. Bk. Ex. 35, R. 2147; D. Ex. 212D, D. Bk. Ex. 16, R. 1945; D. Ex. 202, D. Bk. Ex. 9, R. 2155; D. Ex. 206, D. Bk. Ex. 10, R. 1930; D. Ex. 207A, B, D, D. Bk. Ex. 11-13, R. 1955; D. Ex. 208A, D. Bk. Ex. 14, R. 1933).

It was the novel theory of the District Court that petitioner's extensive and long-continued rightful use of the name "Staley" as a trademark beginning in 1925 *became* wrongful in 1934 because petitioner then learned that respondent was using the same name for other products. The District Court's Memorandum Decision (Pet. App. B, p. 12a) states that " * * * in view of Plaintiff's prior right to the use of the mark, Defendant's use *became* and is wrongful" (italics supplied), without stating when it was considered to have become wrongful. The time element is cleared up in two consecutive Conclusions of Law, as follows (R. 3674-75):

> "15. Defendant's continued use of the trade-mark Staley after acquiring knowledge at least as early as *1934* of plaintiff's use of said trademark on feeds shows an intent to infringe plaintiff's right in the trade-mark Staley's.
>
> "16. Defendant's use of Staley as a trade-mark *became*, and is wrongful." (Italics supplied.)

It should be noted that the foregoing are among the Conclusions of Law and not the Findings of Fact, and that the District Court not only failed to hold that petitioner's earlier use of its trademark was wrongful, but clearly implied that it was rightful.

Neither the Courts below nor the respondent cite any authority for the startling proposition that petitioner's established rightful use of the surname "Staley" as its trademark for corn meal and mixed feeds could become wrongful merely because petitioner learned that respondent was using the same mark for different products in 1934. This gave petitioner no reason to believe that respondent had or claimed any rights in the name superior to its own; no reason even to believe that respondent's use of the mark had begun earlier than its own; no reason to believe that there was any likelihood of conflict or confusion, since the products it bought from respondent were industrial products used as ingredients in consumer products such as petitioner's own mixed feeds; and no reason to believe that respondent objected to its use of the name.

For a period of 18 years thereafter petitioner was given every reason to believe that respondent shared its opinion that there was no conflict, for despite the continuous relationship of the parties, respondent not only failed to object to petitioner's use of the mark, but in later years repeatedly assured petitioner that respondent made feed ingredients exclusively and did not manufacture mixed feeds (D. Ex. 103, D. Bk. Ex. 1, R. 1032; D. Ex. 104, R. 1032; D. Ex. 105, R. 1032; D. Ex. 111, D. Bk. Ex. 3, R. 2190; D. Ex. 112, D. Bk. Ex. 3, R. 2190). The giving of these assurances, the frequent business contacts of respondent and petitioner, and respondent's other conduct bearing upon the issue of estoppel, are among the many material facts omitted from the findings, despite undisputed evidence.

We submit that petitioner's rights in its trademark "Staley", acquired in good faith beginning in 1925, were recognized by the District Court decision as continuing until 1934; that the mere acquisition by petitioner of knowledge of respondent's use of the same mark for other goods could not as a matter of law destroy them at that time; that

their validity was conceded by respondent's conduct; that they continued to exist during the entire period prior to and after the effective date of the Lanham Trade-Mark Act; and that the Court of Appeals, in misapplying the Act so as to adversely affect and destroy them, clearly violated the provisions of Section 49.

Respondent also argues (R. Br. p. 9) that petitioner could not have acquired any rights in the trademark "Staley's" prior to the effective date of the Lanham Act because its conduct was "unlawful" and it could not acquire rights "as a result of its unlawful conduct." This argument begs the question by assuming that the decision below was correct in holding petitioner's use of the mark to be unlawful. The four cases here relied on by respondent have no bearing at all on the proposition for which they are cited.

III. Respondent Takes the Position That Neither This Nor Any Other Trademark Case Involves Any Question of Law.

There is a type of trademark case that is governed almost entirely by the particular facts, as where the only question is whether or not the trademark of a second-comer is confusingly similar to the trademark of the prior user.

Here we are not considering that type of case. There is here no question as to whether the name Staley is similar to the name Staley. There are questions of fact, as in any case, but the reasons advanced for granting certiorari do not depend upon these questions of fact.

Respondent, in the opening of its brief (R. Br. p. 1), takes the position that every trademark case depends for decision "entirely on its own facts". If this were so, this Court under its rules would never have granted certiorari in any case involving trademarks. Furthermore, the great

body of trademark and unfair competition law would cease to have meaning or reality.

Respondent states that the present case depends for decision entirely on its own facts (R. Br. p. 1) and also that the leading trademark and unfair competition cases decided by this Court, such as *Creswill* v. *Knights of Pythias,** 225 U. S. 246, *Saxlehner* v. *Eisner*, 179 U. S. 19, *Brown Chemical Co.* v. *Meyer*, 139 U. S. 540, and others, were decided on their special facts (R. Br. pp. 23-30). Two of the reasons on which petitioner relies for the granting of certiorari involve conflict between the decision below and the decisions of this Court in a number of these leading cases (Pet. pp. 15-21, 23-28). The conflict relates to the principles of law which this Court announced in the cited decisions, and which the Court below failed to follow, but respondent does not discuss or even recognize the legal doctrines which these decisions represent and for which they have so often been cited.

An exception to this treatment of the decisions of this Court in trademark cases, as limited to their particular facts, is respondent's assertion that in a trademark case laches will not preclude injunctive relief and that this has been "the rule of this court since *McLean* v. *Fleming*, 1878, 96 U. S. 245", and was applied in *Menendez* v. *Holt* (1888) 128 U. S. 514, 523 (R. Br. p. 11).

In *Saxlehner* v. *Eisner*, 179 U. S. 19, 37 (1900), twenty years of inaction barred injunctive relief and the limited application of the rule of the *McLean* and *Menendez* cases was made plain. *Id.*, p. 39. In *French Republic* v. *Saratoga Vichy Co.*, 191 U. S. 427, 439 (1903), the *McLean* and *Menendez* cases were again distinguished, and laches and acquiescence barred injunctive relief in *Creswill* v. *Knights of Pythias*, 225 U. S. 246, 261 (1912) and in *Ancient Egyptian Order* v. *Michaux*, 279 U. S. 737, 749 (1929). But because

* Many of these cases are omitted from respondent's table of cases, and the listing of others is incomplete.

respondent's consideration of these later decisions (R. Br. pp. 23-24) omits all reference to the legal principles applied, the error in respondent's statement of "the rule of this court since *McLean* v. *Fleming*" is not disclosed.

None of these cases, not even *McLean* v. *Fleming*, is cited in either decision below. The District Court did not indicate on what it based its rejection of the equitable defenses and the Court of Appeals did not apply the rules which this Court has laid down for the application of the principles of laches, acquiescence and estoppel in trademark cases, holding instead, that the Lanham Act, having been enacted for the protection of the public interest, requires the rejection of the defense of estoppel in such cases. (Pet. App. C., p. 35a; and see pp. 3-4, *supra*).

Therefore respondent's citation of *McLean* v. *Fleming* does not successfully challenge petitioner's contention that the Court of Appeals has decided this question in a way in conflict with the decisions of this Court, and that this is a reason for granting the writ.

IV. Misleading and Prejudicial Matter and Unjustified Accusations in Respondent's Brief.

It is neither possible nor proper for us to argue in this brief the merits of the questions to be presented upon the review of the case, despite the fact that respondent's brief has done so.

However, there is one outstandingly prejudicial and misleading feature of respondent's brief which requires comment. That is the pictorial representation at page 7 of five bags, unidentified as to exhibit numbers and dates of use, and not accompanied by any references to the testimony concerning them. The picture purports to illustrate an alleged course of "progressive encroachment" on the part of petitioner (R. Br. p. 5). It is clearly calculated to

give the impression that the bags shown are fully representative of petitioner's use of the name "Staley's", which is not the case; and the omission of the dates of use of the bags and of any reference to the testimony is most significant.

For example, in the early days of petitioner's business when the first bag shown was used for petitioner's "4 Bells" brand of scratch feed, petitioner was also using bags for its corn meal with its trademark "Staley's" prominently displayed at the top of the bag. The testimony to this effect was uncontradicted and the use of the bags as early as 1926 was established as a matter of public record by certificate of the Federal Trade Commission showing the filing of a specimen of the bag in April of that year (R. 1922-24; D. Ex. 202, D. Bk. Ex. 9, R. 2155). It was also established by uncontradicted testimony and public records that petitioner used "Staley's" as a trademark for dairy and cattle feeds at least as early as 1928 (R. 1932; D. Ex. 206, D. Bk. Ex. 10, R. 1930), for poultry feeds at least as early as 1932 (R. 1936; D. Ex. 207A-207B, D. Bk. Ex. 11, 12, R. 1955), and for hog feeds as early as 1934 (R. 2307, 1954). Some of petitioner's containers for products other than those shown in respondent's pictorial presentation will be found at pages 9 and 18 of Defendant's Book of Exhibits. It was established by uncontradicted testimony that as early as 1928 it was the general practice of petitioner's dealers and customers to refer to petitioner's feeds as "Staley Feeds" or "Staley's Feeds" (R. 1931, D. Ex. 208A, D. Bk. Ex. 14, R. 1933).

The changes in the manner of use of "Staley's" and "Staley" on petitioner's containers relied on by respondent as constituting alleged "progressive encroachment" all took place many years prior to the suit and prior to any objection by respondent. It seems self-evident that the chronology of the facts is essential to establish "progressive encroachment", but neither decision below states any

facts with respect to dates of use of particular containers, and the findings are notably lacking in this respect. Finding 37 which respondent states "clearly outlines" the steps in the alleged "encroachment" (R. Br. p. 5) merely finds that "These changes took place between the years 1925 and 1946." (R. 3669; Pet. App. C, p. 21a), a period beginning 26 years prior to the suit and ending 5 years prior thereto.

In any event these changes in typographical display have no bearing upon respondent's delay of 26 years in asserting a claim, nor upon petitioner's right to use its trademark "Staley".

The District Court specifically refused to enjoin petitioner from using the red disk or circular design (Pet. App. B, p. 13a). Respondent did not appeal from this ruling. Clearly neither the District Court nor the respondent considered the use of the red disk as infringing any rights of respondent.

Shortly after the beginning of this controversy in 1949, respondent complained about the extension of the "Y" used to underscore petitioner's trademark "Staley" (R. 2217-8) and, in order to keep the peace, petitioner removed the underscoring in 1950 prior to the commencement of the suit (R. 2217), despite the fact that it had been using it without objection since about 1938 (R. 2059, 2150-52).

The Courts below did not find, and respondent did not contend, that any acts of so-called "progressive encroachment" caused any confusion. On the contrary, in its brief in the Court of Appeals (p. 42) respondent stated:

> "Plaintiff does not claim, as defendant suggests at p. 66 of its brief, that the confusion arose as a result of defendant's progressive encroachment."

We believe that it would not be proper to ask this Court to consider, on an application for a writ of certiorari, re-

spondent's misstatements of fact and misrepresentations of petitioner's position; therefore, though these are numerous, we shall not even list them. For the same reason, we shall not challenge, here, all the numerous unfounded accusations against petitioner scattered throughout respondent's brief and listed as one of the points of its argument (R. Br. pp. 30-32).

By way of illustration, however, we take up the last of these accusations, appearing on page 32. Referring to page 15 of the petition, respondent attributes to petitioner a statement that petitioner had no notice of any adverse use or claim by respondent (without reference to date) and states that this is directly contrary to Findings 42 and 43 and to the testimony of petitioner's chief executive.

The accusation is completely unwarranted. Petitioner's language in question (beginning at p. 14) is a reference to the injunction "* * * restraining petitioner from continuing to enjoy the benefits of its trademark 'Staley', derived from the family name of its founder, which petitioner acquired by continuous use of the mark beginning in 1925, in good faith and without notice of any adverse use or claim by respondent." Petitioner was referring to its acquisition of trademark rights by a use which began in **1925** in good faith and without notice of any adverse use or claim by respondent.

Findings 42 and 43, referred to by respondent as being directly contrary to this statement (R. 3670, Pet App. C, p. 22a), have to do with the fact, which has never been disputed, that petitioner learned of respondent's *use* of "Staley's" nine years later when it began buying products from respondent in **1934**. The testimony of petitioner's chief executive, Thomas W. Staley, which is referred to by respondent, is to the same effect.

Petitioner has never denied that respondent sold products to petitioner from 1934 until October 1951, but on the contrary has relied upon that fact as a part of respondent's

conduct constituting acquiescence and estoppel. Petitioner concededly had no notice of any objection or adverse *claim* by respondent prior to 1949 (R. Br. p. 11, lines 9-10).

Conclusion

Respondent's brief does not meet any of the reasons stated in the petition for granting a writ of certiorari but evades them by attempting to reconstruct the decision below and by arguing that there are no questions of law in trademark cases. A writ of certiorari should therefore be granted in accordance with the prayer of the petition.

Dated, New York, N. Y., June 10, 1958.

Respectfully submitted,

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